

Facility Team Report for 2009

The church established a new facility team in February, 2009 to examine options and make a recommendation for a building to serve the members and mission of the church. This followed the discovery of potentially serious structural issues with the 13th Avenue building during the pre-design investigation of the building by architect Tom Johnson of HGA Architects and Engineers while working on plans for remodeling the building. The new team used the work of the first facility team as a starting point, including the document "Permanent Facility Program and Criteria" developed from congregational listening sessions held during 2007 and a list of building options. The five options were: rehabilitate the 13th Ave site; enlarge / remodel the Lowry Ave site, purchasing several adjacent lots; purchase Holland School, remodel part for use by the church and lease other space to a charter school to finance a mortgage for purchase and improvements; share a building with another church to be identified; or, build a totally new building. After reviewing the information, we decided to concentrate on the Holland School option as it seemed to be the most feasible option based on financial and land considerations.

Beginning in March, the facility team met nearly every week under the guidance of consultant David Raymond of Church Futures. During this time, we toured several facilities to get a better understanding of how a church and charter school might function in the same building. We visited Banaadir Academy, one of the Minnesota Transition Charter Schools (MTCS) and a potential charter school partner; Cornerstone Church and its charter school tenant Lionsgate Academy; and the Center for Changing Lives, a partnership of Messiah Lutheran Church, Lutheran Social Service of MN, and Faith in the City which features a building complex housing the church, LSS offices, and affordable housing. We reviewed the costs of the three major options (Holland, 13th Ave, Lowry) to clarify what work could be done with the funds available to the church. We discussed the idea of establishing a non-profit corporation to manage the building and handling leasing, maintenance, and related issues. Three congregational information meetings were held April and May at which the Facility Team presented our findings, answered questions, and obtained feedback. The Facility Team recommended to the Council and Congregation that the church pursue the purchase of the Holland School, with Banaadir Academy as a tenant. On May 31st a congregational meeting was held to vote on a resolution to make a written offer to the Minneapolis Public Schools (MPS) to purchase Holland School for \$2,000,000 contingent on the church's ability to secure financing, and a closing date early enough to insure that the Banaadir Academy could occupy the school in time for the new school year. The resolution also included a statement authorizing an earnest money deposit of \$50,000, authorization for the church council to pursue the sale of the existing church buildings, and left open the option of establishing a non-profit corporation to own the building. The resolution passed by a vote of 67 in favor, 21 opposed. The following week a letter of intent to purchase the Holland School and a check for \$50,000 were turned over to the NorthMarq, the real estate agents for the school district.

In May we began the process of identifying potential architects and contractors who could help our church develop a vision for what changes needed to be made to Holland School to fulfill our needs and mission. We obtained names of architects and contractors from a number of sources: several churches that had done remodeling projects; the newly opened Center for Changing Lives; the school district real estate agent who knew of an architect that had done renovations of other school properties; and others known from neighborhood organizations. Over the course of the next months, we interviewed individuals and/or teams from 5 architectural firms, one design-build firm (architect + construction), and 3 construction firms. Three architects were brought back for more in-depth interviews. The team developed a list of question for these architects to answer, in order to have a basis of comparison between the firms. We also visited projects that each of the architects had designed. We narrowed the field to two finalists: Paul Gates Architect and BKV Group. The final selection was put on hold awaiting the actual agreement with MPS to purchase Holland School.

Word came back through the real estate agent that the school district would not accept a proposal that included MTCS as a partner. However, the church was encouraged to seek a partnership with Fraser Academy, a K-through-5 charter

school that serves a diverse student body, many with special needs such as students with autism. Fraser Academy had already approached the school district about leasing Holland School. The facility team met with Linda Silrum, director of Fraser Academy, to explore whether the church and school would be a good fit for Holland School. All indications were that both groups would have the space they needed and that their programs were compatible. A revised proposal including Fraser Academy as a charter school tenant was submitted to MPS in July. On August 10th, city council member Diane Hofstede called together a meeting of representatives from the parties of interest in the Holland School sale: MPS, Minneapolis Department of Community Planning and Economic Development, Sheridan Neighborhood Organization, NE Community Lutheran Church, Fraser Academy, PLACE (via conference call), and involved real estate companies. PLACE had submitted a purchase proposal for Holland School, and MPS had been holding off responding to NEC's proposal pending PLACE's indication that they had obtained financing, as PLACE's proposed purchase price was higher than NEC's. When it became apparent that PLACE would not be able to obtain financing for another 2-3 years, MPS agreed that they would be willing to sell to NEC contingent on proof of financing and approval of the sale by the surrounding neighborhood. The Sheridan Neighborhood organization invited church leaders to present our proposal to the neighborhood at their monthly neighborhood meeting on August 24th. Response from the community was very positive.

David Raymond, consultant for the Facility Team, pursued financing options with a number of groups. It appeared that forming a non-profit corporation in conjunction with the ELCA Minneapolis Synod would increase the chance of obtaining financing given that NEC had only been established for 2 years and had run a budget deficit for those years. A request was made to Michael Bash, attorney for the church and ELCA, to prepare draft Articles of Incorporation and Bylaws for the NE Lutheran Building Corporation. The facility team met with Mr. Bash on September 15th to discuss and revise those documents. The proposal for the non-profit was then brought before the ELCA Minneapolis Synod Council and approved on September 17th. The non-profit was made part of the loan application to the lenders. After being turned down by many lenders, often for reasons unrelated to our proposal but due to the poor economy and lending environment, we were notified on January 18, 2010, that Thrivent Financial Bank had accepted our loan package and was willing to finance the purchase of Holland School. The team looks forward to a finalized purchase agreement with MPS and to continuing our work to make Holland School our new church home.

I would like to thank all of the people who have served on the Facility Team at various times over the past year and recognize them for their hard work and willingness to share so much of their time on this effort. Thanks to Cathie Witzel, Tom Fischer, Jennifer Schulz, Virginia Schnabel, Kathy Schadendorf, Kyle Fokken, Susan Mattson, Peter Radford, Steve Hinderaker, Pastor Craig Pederson, Pastor Evelyn Dahlke. Thanks also to Council President Dan Scoggins for his encouragement. Special thanks go to Dave Raymond, our Church Futures consultant, for his extraordinary work and guidance during this process.

Sally Palm

Facility Team Leader