

# Recommendation to Approve New Financing

**The Directional Elders recommend the members of The Summit Church approve securing financing up to but not to exceed \$23M for the construction of a new campus facility on Capital Hills Drive, Raleigh, NC.**

This recommendation will be voted on at the weekend services of August 26-27, 2017.

## Multiply Update

Two years ago as we began the Multiply Initiative, we shared with you some major goals to expand our reach so that the gospel would “Multiply Wide” throughout the Triangle and surrounding communities. God has blessed us to see so much progress toward these goals. We were able to launch a new campus in Alamance County that is now reaching 400 people a week. We are weeks away from opening up an amazing new facility in Apex for our campus that has met in Cary High School since 2011. As a permanent facility with 900 seats, that campus has the potential to nearly triple the number of people reached there in the next few years.

Last summer, you approved the purchase of two strategic pieces of property. We’re close to finalizing the purchase of land for a future facility for the North Durham campus. And we found a fantastic piece of property in a great location for a new broadcast facility in North Raleigh. Now we are close to having a completed plan for that building and we are ready to seek the financing necessary to move forward and complete this project.

## The New Broadcast Facility in North Raleigh

This new campus facility will have 1800 seats and will become our primary broadcast location, from which the live sermon will be broadcast out to our other nine campus locations. This would also be the new home for the existing North Raleigh Campus, which has been one of our fastest growing locations since 2010. The current North Raleigh Campus has outgrown its facility in every way, from seats, to parking, to family ministry space.

The total cost for this project, including land, building, and all that goes into it, is projected to be \$35 million. Because of your amazing generosity, we’ll be able to put about \$12 million cash toward the

project and will only need to finance the remaining two thirds of the cost. We are recommending that we secure financing not to exceed \$23 million to complete this project. We believe by capping the total new debt for this project at \$23 million, we will be in the best possible position to complete it while ensuring our financial security and maximizing our ability to fulfill our vision to reach as many people as possible with the gospel.

## The Financial Plan

Currently, we have an existing debt of \$16.9 million which has been used on growth and expansion through the purchase of the Brier Creek and Blue Ridge facilities. After receiving approval for \$23 million in financing, we intend to refinance our existing debt at a much lower interest rate than our current rate of 6.5%. This will bring our total debt up to approximately \$39.9 million.

We know that when you consider a total debt of \$39.9 million, the most obvious question is, “Can we afford this?” We have spent months seeking the answer to that question. After significant amounts of prayer, research, and seeking the advice of expert consultants, we believe this recommendation is well within our financial capacity, is financially responsible, and is in line with our mission, vision and values.

Many of you may have questions about this, and we want to make sure we answer them. The following FAQ’s are designed to do so. In addition to these FAQ’s, we will have a detailed presentation on August 20. If you have further questions or want more information, we encourage you to attend this meeting. If you want to ask questions in the meantime, you can submit them [here](#). We would love to answer them specifically.

As Pastor J.D. has often reminded us, from our beginning as The Summit Church, we have only wanted to follow the Holy Spirit and reach as many people as possible with the gospel of Jesus Christ. Over the last 15 years, the Holy Spirit has led us to experience God’s glory and blessing in ways we never imagined. Each step we take is a step of faith. Pray with us that as God allows us to take these next steps, he will continue to glorify himself through The Summit Church.

**This recommendation will be voted on at the weekend services of August 26-27, 2017. Ask your questions [here](#).**

## FAQ

**If I have a question that is not addressed below, how can I submit it?**

At any time, you can submit any questions about this proposal [here](#), and one of our leaders will respond promptly. In addition to submitting questions online, you have two other opportunities to learn more.

On August 13, our elders will be at the Next Steps area at all campuses to field your questions. And on August 20, we will be hosting an informational meeting, when you can ask more questions.

### **Why are we putting so much money into buildings?**

We have always followed a belief that buildings are not the point. We call them facilities, because they facilitate the ministry. Buildings never have been and never will be the point. They are simply tools for the mission. When it comes to our buildings, we continue to maintain a posture of “resourceful excellence,” attempting to honor God with our facilities (excellence) while also being wise stewards of our limited resources (resourceful). When compared to other churches of similar attendance, we have less than half of the facility space! Even taking this new building into account, our focus remains focused outward, as it always has. This new building is a strategic step forward as we continue to pursue the vision God has given us to reach the Triangle.

### **Why are we building such a big building?**

We have learned that our broadcast location draws from a greater geographic region than our other campuses. This is also a densely populated area of the Triangle that is still growing. The current broadcast location, with only 900 seats, has averaged over 3,000 people a week since 2011. We are looking forward to being able to see many more people reached with this added facility.

This new facility will actually provide capacity for growth at two campuses. We anticipate families who live in North Raleigh (and currently attend Brier Creek) to transition to this new building. Because of the facility’s size, though, it will still have significant room for growth. And the Brier Creek campus, too, will have new room for growth as a result.

*For more on our philosophy of buildings, read [this article](#).*

### **How will this impact the current North Raleigh Campus?**

The staff and congregation of our North Raleigh Campus will make this new facility their new home. It is only two miles from their current location.

### **How will this impact the Brier Creek Campus?**

Brier Creek will become one of our nine video based campuses. Most of our growth over the last five years has happened at our video locations. That’s mainly because Brier Creek hasn’t had the physical capacity to grow significantly. As Brier Creek sends out North Raleigh people to serve, worship, and be the church in their community, this will open up Brier Creek to an exciting new season of growth as they will have the room to reach people for the first time in years.

### **Why are we moving the broadcast location?**

In an attempt to keep the broadcast location in the same place, we considered updating the Brier Creek facility to expand its size. The cost, however, was exorbitant relative to the actual increase in seats. When we looked at the possibility of a new location, several factors immediately made this seem like a wiser decision. With a new campus, we have the capacity to reach far more people than we would by merely renovating the Brier Creek location. In building this facility “from the ground up,” we can overcome some of the obstacles we’ve encountered with other facilities that were not designed with child-care, parking, or other key factors in mind. We also have the opportunity to enhance the broadcast and video experience, which will serve the other campuses well. On every metric, a new broadcast location increases our ability to disciple our members and reach people throughout the Triangle.

### **How can we afford this?**

While the numbers we are talking about are large, the best way to evaluate this is by looking at them as ratios. Did you know that we were ranked as the 42nd largest church in the nation last year? Our goal is not to be the biggest church, but we are thankful that God has allowed us to grow by reaching so many people. As we’ve grown, our revenue, budget, and assets have grown as well. Like purchasing a home, borrowing may be risky or reasonable. The line between the two generally hinges on your income. For us as a church, our revenue this year will be close to \$26 million and we conservatively anticipate next year’s to be \$29 million. Our current assets are \$34.7 million. In the first year of this plan, our debt to revenue ratio will only be slightly higher than it was in 2014.

To parallel this to buying a house, we are putting over 20% down and our “mortgage payment” will be about 15% of our annual income. The recommended level of debt is 25% or less, so we are well within a reasonable window.

Finally, in personal situations, most of us would like to have one or two months of living expense in reserve for emergencies. Under this financing plan, we will retain one year’s operating budget in reserve.

### **How will this affect our ability to do the rest of our ministry?**

This is a holistic plan that takes into account our need and desire to do everything else we are called to as a church. Our calling is to disciple people, reach people, and send people. This plan sustains our ability to “Multiply Deep” by making disciples of our people, ministering to our community, and sending people to plant churches throughout the world. In short, this decision will increase our ability to do everything God has called us to do.

### **Will we keep adding debt in the future?**

Our current strategic financial plan does not include higher levels of financing. In fact, with our current modeling, we will position ourselves to be able to pay for future projects from cash reserves and income without adding to the debt.

### **When will we start paying off our debt?**

We will consistently be paying off our debt through our repayment plan established with the lender. Whether we accelerate the repayment of the debt will depend on a number of factors, but the most important question will be, “What puts us in best position to continue to fulfill our vision to reach as many people as possible?” For more on that, refer to [this document](#) on how we view and utilize financing as a church.

### **What happens if we don't do this?**

When we voted as a church last summer to purchase this land, it was a reaffirmation of our commitment to do whatever it takes to reach people. While we believe sending capacity is more important than seating capacity, we have to increase seating capacity to keep reaching people to make and send more disciples. We have to increase our capacity, or we will stop growing. Historically, over the last 15+ years, lower growth has only resulted from running out of room. Yes, this is a huge investment, but one that our Directional Elders feel we are called to make, for the continued growth of the Summit and for the sake of the Kingdom.

## **Attachments**

[Summit Philosophy of Building Buildings](#)

[Summit Philosophy and Practice Concerning Borrowing Money](#)

