

As part of our Converge 2024 initiative, we identified four key areas for focus, one of which is Financial Stewardship. This includes a careful examination of our building, a vital asset for our ministries. We want to provide you with an update on the progress of our Real Estate Task Force (RETF) in addressing both the positive and challenging aspects of our facilities.

Our Building: Strengths and Challenges

- Positives:
 - Our building generates approximately \$100,000 in annual rental income.
 - We provide crucial, below-market-rate space to our valued ministry partners (Weekday School, Charlotte Family Housing, etc.), significantly supporting their vital work.
- Challenges:
 - Our building infrastructure is aging, requiring significant repairs and replacements.
 - We are currently underutilizing our facilities. The space needs of our congregation have evolved since the 1990s, and our current footprint no longer aligns with our present or future requirements.

Real Estate Task Force (RETF) Progress: The RETF was tasked with:

1. Assessing Deferred Maintenance Needs: Determining the costs of necessary repairs and establishing a plan for ongoing maintenance.
2. Defining Current and Future Space Needs: Identifying the space required for our church's needs, excluding the spaces used by our ministry partners

Key Findings:

- Deferred Maintenance:
 - We have diligently maintained our facilities. However, we are now facing end-of-life issues that necessitate replacements rather than repairs.
 - Historical spending: For our facilities, we have invested/spent approximately \$4.4 million between 2005-2014 and approximately \$2.3M between 2015-2024.
 - Projected Needs: Given high-level estimates, we anticipate needing approximately \$1.6+ million over the next four years for critical HVAC replacements and other essential upgrades (door/window replacements, bathroom refurbishments, fire detection, etc.). This includes more than \$700,000 to replace the oldest HVAC components across our campus.
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 - Ongoing Expense Risk: Capital expenditures for building maintenance/repair are and will continue to be difficult to estimate as they are subject to various factors across the supply chain and due to the age of our equipment and manner in which it can be accessed. Also, we may not have full control over the sequence of our

replacement timeline as HVAC failures that may require immediate attention are difficult to predict.

- Church Space Needs: Our facilities are extensive. Excluding the Sanctuary and gym, we effectively utilize only about one-third of our available space.
 - To right-size our space, we have identified the following core requirements:
 - 12-14 Sunday School classrooms (nursery to senior adults)
 - 10-12 Offices, including conference rooms
 - Youth Lounge
 - Church Lounge with a small kitchen
 - Large reception area (approximately 4,000 sq ft, similar to Broach Hall)
 - Expanded kitchen for the reception area
 - Adult choir room
 - Handbell/children's choir room
 - Sufficient public restrooms (maintaining or exceeding our current 8)
 - Welcome lobby/coffee bar
 - This equates to approximately 17,400 sq ft (again excluding the Sanctuary and gym).
 - Spaces we have determined are no longer needed for our church use, include: the chapel, church library, Lasater Hall, reception office area, tenant-specific rooms/kitchens, and underutilized / empty classrooms.
- Exploring Opportunities:
 - Recognizing the potential of our excess space, the RETF has engaged in preliminary discussions with:
 - Charter school operators regarding potential partnerships.
 - Novant Health to explore expansion needs.
 - DreamKey Partners regarding potential affordable/market-rate housing development.
 - The RETF believes that monetizing our excess space while renovating our core areas will allow us to better serve our congregation and community.

Next Steps: Listening/Feedback Sessions

We are committed to transparency and collaboration. To share more details about our findings and gather your valuable input, we will host Listening/Feedback sessions in late April/early May. Specific dates and times will be communicated well in advance.

In the meantime, please feel free to reach out to any member of the RETF with your questions: Kevin B., Doug, Rod, Phillips, Minh

We value your participation in shaping the future of our church.