Frequently Asked Questions Regarding Sale of Camp Property

Updated as of January, 2014

1. *Why is Chicago Presbytery in debt?*
   Chicago Presbytery has been in debt since a lawsuit settlement that was overwhelmingly approved by Assembly commissioners on July 31, 2007. The settlement was paid with a bank loan that was secured, in part, by the camp property. That loan was originally due August 31, 2009 but has been extended five times and is now due February 28, 2014. The amount of the debt has been reduced from $11 million to $7.4 million today, due primarily to proceeds from the sale of the former Presbytery offices, the closing of three churches, and a short-term low interest loan of $500,000 from the Synod of Lincoln Trails. The Presbytery's total indebtedness, including the SOLT loan, is $7.9 million. Since August, 2010, when our loan reached $11 million, we have made $5.3 million in interest and principal payments to US Bank. If the loan were paid off today, the total expense for principal and interest would be $13.2 million.

2. *Why does the Presbytery need to sell the camp property?*
   The camp property was and continues to be the Presbytery's most valuable asset. At its current appraised value of $10.4 million, the camp property is more than two thirds of the Presbytery's unrestricted assets.

3. *What are the Presbytery's other assets?*
   Current Presbytery investments (in round numbers) total $5,500,000. Of the total:
   $3,200,000pledged to US Bank as collateral on our loan
   950,000restricted assets that cannot be touched
   1,100,000designated by the Presbytery Assembly for campus ministry
   250,000unpledged, unrestricted, and undesignated funds

4. *What alternatives have been sought?*
   The Presbytery Coordinating Commission (PCC) established the Presbytery Reformation Task Force (PRTF) in early 2008 to develop a strategy for meeting the Presbytery's debt. PRTF's hope was to find a way to pay off the debt without selling the camp property. Unfortunately, the real estate market plummeted as it began its work. A buyer for the Presbytery office building could not be found until early 2012 at much less than its previous value. It was sold in 2012 for $2.7 million, and the net proceeds were dedicated to reducing the debt. PRTF approached General Assembly entities, the Synod of Lincoln Trails, Lake Michigan Presbytery, and the camps of other denominations in Michigan, seeking a partner to "buy in" to Presbyterian Camps. PRTF investigated the possibility of selling and leasing back a portion of the camp property in order to maintain a camping ministry on the site. A feasibility study was conducted to determine the Presbytery's capacity for a capital campaign for debt reduction. PRTF looked at borrowing money from our churches. None of these strategies were successful.

   In 2008, a group of Chicago Presbyterians formed Lakeshore Christian Camping (LCC) in order to preserve the camping ministry at Saugatuck. That same year, PCC approved signing a non-binding letter of intent to sell the Camps to LCC for $8 million. In the spring of 2010, after LCC was granted tax exempt status by the IRS, the Presbytery Assembly approved a contract to sell the Camps to LCC. However, LCC's financing was insufficient to close the sale.

5. *When was the camp property put on the open market?*
   In fall 2010 the Assembly voted to place the camp property on the market in the reluctant awareness that meeting our debt would require funds from its sale. Since that time PRTF has continued to seek other options for meeting our debt, but without success.

6. *What are the details of the pending sale of the camp property?*
   On December 11, 2012, at a special meeting, the Presbytery Assembly approved a sale of the camp property for $10 million. That contract has been amended twice and is going to the Assembly on February 8, 2014 for approval of the Third Amendment. Under the Third amendment, the purchaser is Dune Ridge, a limited partnership, comprised of the original purchaser, David Barker, a Michigan real estate developer, and his financial partner, Paul Heule. The sale will close on or before February 14, 2014. The Presbytery will receive $9 million at closing and an additional $1 million within 18 months. The final $1 million will be secured by a promissory note and a mortgage on the approximately 100 acres of the property that Dune Ridge is not developing.

   There are no contingencies regarding permits, government approvals, development costs, lawsuits. Any further governmental approvals that may be required are entirely at the risk of Dune Ridge.

   This sale would allow the Presbytery to pay off our loan in full before it expires on February 28. After the real estate agent commission, closing costs, and legal fees, the net proceeds from the initial $9 million will be about $8.3 million. Net proceeds after paying off our loans are $375,000 immediately and $1 million expected in 2015. These funds will help recoup payments already made and provide support for future ministries.

7. *What is the status of the Oval Beach offer?*
   The Oval Beach Preservation Society is a not-for-profit organization formed by a resident of the subdivision immediately south of the camp property. Once the Saugatuck Planning Commission approved Barker's permit applications, representatives of PRTF met in January with Mr. Keith Walker to discuss the backup offer from OBPS. After that meeting, OBPS sent the Presbytery a new contract to purchase the camp property. This new contract is not a backup offer.

   The proposed purchase price is $8 million. While the OBPS contract has been described as a "cash offer," the contract states that OBPS has $4 million in pledges and a contract to sell approximately 30 acres used for camping to Lakeshore Christian Camping for $1.5 million. The proposed closing date is May 30, 2014, extendable by one month by the purchaser. The non-refundable earnest money is $1 million. The offer has been received by PCC, but there have been no negotiations or further action.

   The OBPS offer does not pay off the Presbytery's debt before the expiration date of February 28. The Presbytery's total debt is $7.9 million. The Presbytery would have to liquidate approximately $500,000 in order to pay closing costs and retire its debt. Since the investments generate income for the Presbytery's operating budget, other Presbytery ministries would be compromised.

8. *What is the future of the Presbytery's camping ministry if the sale is completed?*
   The Future Outdoor Ministry Task Force has recommended a program that includes a staff position, camping opportunities for youth and families and that will be accessible to the entire presbytery. This recommendation is being considered by PCC.

9. *Can we inform our congregation about the status of the sale?*

While many details of the legal settlement leading to the Presbytery's indebtedness are sealed by court order (and not by the Presbytery's choice) information in the "frequently asked questions" can be shared.