

Long Term Debt

background from the Servant Leadership Team in preparation for the 2017 annual meeting of the congregation

Background

In November 2016, McFarland UCC received a letter from the Wisconsin Conference UCC about the existence of unpaid debt dating back almost 30 years. The funds, secured with the assistance of the Conference, enabled MUCC to purchase land and build our church in McFarland.

Two loans exist: One for \$51,495 (owed to the Wisconsin Conference), and another for \$19,503 (owed to the national UCC, payable through the Wisconsin Conference), both at 0% interest. The deed to our land is held by the Wisconsin Conference UCC, a fact of which we were previously not aware.

In the time since becoming aware of this, the congregation's leadership has been in prayerful discussion, seeking out additional background and exploring what options are open to us in order to present well-informed recommendations to the congregation.

Timeline

- Letter from WI Conference UCC addressed to Congregational leadership dated November 3rd, received in church office in late November & forwarded to SaLT Core by email. (SaLT Core is made up of the Moderator, Vice Moderator, Treasurer and Pastor – currently Martha Olsen, Rachel Saladis, Dawn Algrim, and Pastor Kerri)
- SaLT Core met to discuss. We decided it was prudent to broaden the circle and asked the Capital Campaign Team (Geoff Brink, Gregg Krattiger, Tom Ludwig) & Farrel Smith to meet with us. We invited the Capital Campaign Team because this has bearing on our ability to move forward with the building project; we invited Farrel because he is currently Conference Treasurer, was involved in discovering the existence of these loans, and has a strong sense of congregational history as a long term member. This meeting took place on December 5th.
- On December 8th, Martha forwarded the letter to SaLT in preparation for our December 11th SaLT meeting. Gregg and Farrel were also present at the December 11th meeting. SaLT delegated Martha to meet with the Village of McFarland re: property ownership status and Wisconsin Conference UCC to clarify the Conference's position on this debt and possible next steps.

- In late December:
 - Martha met with Vicki Graff, Wisconsin Conference UCC on December 20 with Farrel Smith joining her. The Conference expressed no urgency toward immediate repayment. They also thought a church-related lending agency was likely to be more understanding of the situation when it came time to financing a renovation project.
 - Martha met with Pauline Boness, Village of McFarland, on December 21 with Bruce Fischer joining her. The village confirmed that the deed is held by the Wisconsin Conference.
- SaLT met again on January 3rd and heard a report back from Martha, deliberating next steps.
- Following the meeting, lead/major donors to the Capital Campaign were contacted to discuss the use of their donated funds.

SaLT Recommendation & Rationale

When your Servant Leadership Team gathered on January 3rd, we reflected on many topics that were relevant to resolving the long-term debt dilemma and bringing a recommendation to the congregation.

Among other factors, we considered the pending capital campaign and renovation projects, the current giving capacity of the congregation, our desire to honor the obligations entered into by prior generations of the church, and our desire to continue the forward momentum we have worked so hard to build.

SaLT weighed options ranging from an aggressive repayment schedule to making a token financial commitment toward repayment. We also considered whether capital campaign proceeds or the operating budget would be the best option.

Although the conference expressed no sense of urgency to get this debt paid, we felt it would be responsible to make an initial payment toward the debt that is approximately 10% of the principal, with at least a token payment each year following to keep the debt in front of us.

Major donors to the 'Building God's Future' capital campaign were contacted immediately following the January 3rd SaLT meeting. We are pleased to share that enough donors agreed to have a portion of their funds used for debt repayment so that we would be able to make the proposed initial payment toward the debt with capital campaign funds currently available.

After background research, prayer and a time for discernment, the Servant Leadership Team of McFarland UCC recommends a hybrid approach to repaying the long term debt:

- \$7000 initial payment in 2017 from capital campaign proceeds with donor approval
- \$1000 minimum annual progress toward repayment from annual operating budget in years 2018 and future.
- Additional payment from annual operating budget where possible, subject to available funds.

SaLT's priority is continuing to attend to the church's overall health; we believe that a thriving church will be better able to pay off the debt than a shrinking church.

The 2016 Servant Leadership Team

Martha Olsen
Rachel Saladis
Dawn Algrim
Pastor Kerri Parker
Jason Chapman
Lisa Fernan
Bruce Fischer
Joan Jacobsen