

April 16, 2012

Dear Atonement Lutheran Church Members:

Atonement Lutheran Church has a vision to further our mission by ***Bringing the Hope We Share in Christ to All***. This mission is founded in our Lutheran heritage and moves forward each year as we serve our community and strengthen our faith in our Lord and Savior, Jesus Christ. It is our hope to share the love and grace of Jesus Christ with all people by reaching out to others and growing in our own personal journey with Christ.

As we move forward with our Capital Campaign, the Guiding Team wanted to update you on the progress being made with the construction of our new church. Much has been accomplished in the last year and much remains to be accomplished. We have a tremendous opportunity before us. The information that follows is intended to provide you with the best and most accurate summary of where we are financially and the options being considered, so we can realize those opportunities and successfully complete our project.

### **What is Atonement's Future**

On March 18, a Strategic Planning session was conducted at the Little White Church to discuss our future goals, mission and values. All of Atonement was invited to participate in this planning session and nearly 60 members were able to attend. The energy that came from the meeting strongly reaffirmed Atonement Lutheran Church's commitment to ***Bringing the Hope We Share in Christ to All***. Our new home will be located in a growing neighborhood with great potential for the growth of Atonement. Our new home will allow for expansion of our ministry programs (education, youth programs, IHN, etc.) and a long-term ministry partnership with St. Johns as they move forward with their Wyndstone community.

### **Where is Atonement**

Our journey continues to be a challenge. In 2011 we completed the design of our new church. Tremendous effort has gone into designing a church which will serve our needs while allowing for the growth of our ministry. In March of 2012, we received bids for construction. While we would have liked to have seen bids come in lower, they were within the estimated costs and considered reasonable. The total project cost is \$3.8 million which includes our new church, site improvements (parking, utilities, etc.) and street improvements required by the City of Billings. This is approximately \$200,000 lower than the costs presented at the December 2011 Congregational Update. The Project Planning Team has worked very hard to deliver a project at a minimum cost without impacting the overall functionality of our new church.

Atonement has also applied for financing with Mission Investment Fund and received a loan commitment of \$1.2 million. This loan commitment, combined with approximately \$1.3 million in funds we have accumulated through previous capital campaigns, fundraising efforts, and the sale of our existing church, provide Atonement with approximately \$2.5 million available for the project.

## **What Will It Take to Realize the Journey**

It has been a 15-year journey to get to where we are today, a journey which perhaps has taken too long but one which Atonement Lutheran Church has been committed to. With our financing being approximately \$1.3 million short, our journey continues to be a challenge. This challenge is not insurmountable, but one which we need to understand and faithfully support.

## **What Are Our Options**

Several options are being implemented to overcome our financial challenge. A combination of more than one of these is likely. These include:

**Submit a Second Loan Application** – The loan amount approved by Mission Investment Fund was based on the loan being serviced initially from funds collected from the capital campaign and eventually with increased giving to the general budget. Based on the remaining pledges from the second capital campaign loan, we are currently collecting pledges of approximately \$96,000 per year. This does not include fundraising and giving over and above the pledged amount. As we move into our third capital campaign, we hope to be able to significantly increase our pledges. Mission Investment Fund has encouraged Atonement to submit a second loan application once our capital campaign pledges are known. We will also update the financial information (overall project cost, church finances, projected giving, etc.), and Mission Investment Fund will consider this new information and possibly increase the loan amount. With a strong commitment in terms of pledges from the third capital campaign, we will be able to bridge the financial gap and move forward with construction.

**Minimize Building Interior and Site Work** – The Project Planning Team developed a project which provides the space we need, while trying to minimize initial project costs included in Fisher Construction's contract. In doing so, we will need to be committed to complete interior floors (carpet, tile), cabinet installations, equipment (A/V, kitchen), furnishings for the new church and interior painting outside of Fisher Construction's contract. The Project Planning Team is working with CTA and Fisher Construction to define other ways to reduce project costs to an absolute minimum for which a building permit could issue. This would essentially build the "shell" of our new church. Much of the interior space would be unfinished. Site improvements would also be scaled back by minimizing parking, landscaping, drainage improvements and outdoor lighting. It is anticipated scaling back the project in such a fashion would reduce overall costs significantly; however, Atonement would be left with considerable work before we could utilize our new church effectively. This option only allows Atonement to start construction. Additional financial support will be needed from Atonement to "finish" the project. *A risk with this option is that Mission Investment Fund may not provide the loan unless a complete project can be provided.*

**Eliminate Commons Area** – The new church was designed so that a portion of our commons area would not be built if we do not have sufficient funds. If this commons area were eliminated, it would reduce the total area that would be utilized for meetings, events, choir practice and many other functions important to Atonement's ministry. Reducing the size of the commons area would result in a cost savings of approximately \$200,000, but would impact the overall utility of our church. It has been the general consensus of the task teams that the commons area is critical and a high priority item which should be constructed if possible.

**Construction of Right of Way Improvements Through a Special Improvement District** – The City of Billings will allow certain right-of-way improvements to be constructed under a Special Improvement District (SID), which would allow Atonement to finance those costs. Atonement is sharing the cost of the right-of-way improvements with St. Johns and Harvest Church, with Atonement's share being approximately \$258,000. Approximately half our costs can be financed under an SID, which would allow approximately \$129,000 in funds that could be used toward the initial construction of our new church.

**Sale of Lots 1D and 1E** – The property that Atonement currently owns includes two parcels (Lot 1D and 1E), which have a combined size of 4.08 acres. These lots are located immediately east of the property Atonement donated to St. Johns in 2008 for their Wyndstone project. These lots are being appraised and will be offered to St. Johns for purchase. While Atonement would like to keep these lots for the use in our ministry, the realities of this project necessitate we consider selling them. We hope that St. Johns will purchase these lots and utilize them to fulfill their vision. If St. Johns is unable to do so, the lots would be marketed as residential sites. Any sale of property would require approval of Atonement.

### **Catch the Vision – Share the Hope!**

As we move forward with our new capital campaign, or please realize realize we are so close to the completion of 15 years of planning and hard work. Look deep within and give faithful and generously to overcome the financial hurdle before us. Nothing about this project has been easy, but because of the commitment and perseverance of Atonement, we have made tremendous accomplishments and are very close to beginning construction. The timing of our gifts will be important. Please consider giving early and significantly. The more we can fund initially, the more we can minimize our future obligation.

Sincerely,

***Building the Hope in 2012***  
***Guiding Team***