

Date: March 8, 2015
 To: Deb Crowley, Mission Center President
 From: Kevin Anderson, Michigan Campground Team Chair
 Subject: Michigan Campground Team (MCT) Report and Recommendations to Conference

The Michigan Campground Team (MCT) has been actively pursuing fulfillment of the November 3, 2012, Mission Center Conference Resolution titled "Evaluation of the Michigan Campgrounds." The following report represents a summary of the evaluation and provides two recommendations for conference consideration.

At the conclusion of this report is a list of attachments intended to provide further background for individuals who want to see the source documents that are informing MCT recommendations. Even though most of the attachments have been shared with and reviewed by the Mission Center membership during this two and a half year journey, it is our hope that having background information readily accessible will aid all in making informed decisions.

The MCT has worked diligently to faithfully and prayerfully fulfill the conference resolution and submit this report to the Mission Center Conference for consideration and action at the April 11, 2015 conference.

SUMMARY

Attendance Trends

Members' usage of the campgrounds in Michigan continues to decline. The following chart shows the combined registrations for all campgrounds:

| | 2012 | 2013 | 2014 |
|-------------|-------|-------|-------|
| Youth Camps | 369 | 317 | 291 |
| Reunions | 987 | 892 | 766 |
| | 1,356 | 1,209 | 1,057 |

Since 2012 youth camp registrations have declined by over 21% and reunion usage has declined by over 22%.

* This data point illustrates the struggle to match facilities with changes in participation.

Campground to Congregation Measure

The following chart compares the number of campgrounds that the Methodists, Reformed and Lutheran denominations support in Michigan per congregation and compares it to the Michigan Mission Center.

| Denomination | # of Congregations | # of Campgrounds | Ratio of Camps to Cong. |
|---------------------|--------------------|------------------|-------------------------|
| Methodist | 850 | 5 | 170 |
| Lutheran | 413 | 1 | 413 |
| Reformed | 240 | 1 | 240 |
| Community of Christ | 87 | 5 | 17 |

The Lutheran campground located on Loon Lake in Michigan is currently for sale.

Financial Trends

The consulting firm, SmithGroupJJR, reviewed the campgrounds audited financial information for an eight year span from 2005- 2012 and reported that, on average, the combined gain for the campgrounds was about \$12,000 each year. At the conclusion of their financial review they stated, "While for the most part the campgrounds are operating at a net gain, those gains are not large enough to cover costs for significant capital improvement projects that are necessary or highly desired..."

A review of 2013 audits showed that four of the five campgrounds reported losses ranging from nearly \$2,900 to over \$17,600. Bluewater lost rental income and had higher expenses due to an infestation and Park of the Pines replaced a roof. The Woodlands reported a gain of over \$65,000 because of an \$80,000 mineral lease payment that was in 2013.

| | 2005-2012 Total Gain (Loss) | Annual Average Gain (Loss) | 2013 Audit Gain (Loss) |
|-------------------|-----------------------------------|----------------------------------|---------------------------|
| Blue Water | \$ 30,700 | \$ 3,838 | \$ (10,933) |
| Park of the Pines | \$ 9,000 | \$ 1,125 | \$ (9,040) |
| Sanford | \$ 86,700 | \$ 10,838 | \$ (2,899) |
| Manitou | \$ (42,200) | \$ (5,275) | \$ (17,611) |
| Woodlands | \$ 11,900 | \$ 1,488 | \$ 65,267 |
| | \$ 96,100 | \$ 12,013 | \$ 24,783 |

* This data illustrates the issue of sustainability. Yearly operating results has been a focus and has generated some success but does not provide funding for facility maintenance, improvements and long term funding.

Cost of construction

Construction cost estimates provided in this report were developed using a worksheet provided by the consultant in 2013 which states a high and a low cost for facilities and improvements. There is a wide range between the low and the high that is intended to reflect the difference between low-end and high-end finishes. (See Attachment F)

* This data demonstrates the challenge of sustainability (see Financial Trends). All campgrounds have improvements that should be made. Addressing those improvements at the current financial pace is unrealistic.

Land valuation assessment

Two estimates of property values were solicited and received. The first property valuation was completed in 2012 and was based on the potential sales value if the properties were sold as campgrounds. The second property valuation was completed in February 2015 and based upon selling for the highest and best use. The 2015 reports include values that are higher than the 2012 report and are the basis for property valuations stated in this report. (See Attachment G)

* This data point is one of the most frequently asked questions and points to both the value of assets owned which need to be maintained and the opportunity for funds to invest in ministry if an asset is sold.

RECOMMENDATIONS

At the November 2014 Conference, the MCT shared three recommendations for discussion and consideration. The recommendation with the most interest was # 3, sell Blue Water, Manitou, Park of

the Pines, and Sanford and keep the Woodlands. The basis for the recommendation was that the Woodlands has the largest acreage, could allow for multiple events and provides the greatest development opportunity. Also, there is income potential via potential gas reserves and development of a managed timber program.

After significant dialogue and feedback on all recommendations, recommendation #3 received the strongest support by the conference during the dialog session. The dialog session was not meant as a final decision but as a step in the process to refine choices and move toward consensus. The next step in the process is to seek a final recommendation.

Since the November 2014 Conference the MCT has continued to gather information to help the conference when preparing for a final decision. Here is what we have learned since the November 2014 Conference:

Additional Data Review

The November conference was an essential step to gauge the interests of the membership. However, in November the conference had limited data on all possible choices. Since the November 2014 Conference the MCT has continued to gather information to help the conference when preparing for a final decision. Here is what we have learned since the November 2014 Conference:

- An independent land valuation report tells us that Blue Water, Manitou, Park of the Pines and Sanford are likely to sell for a combined price in the range of \$3.9 million to \$4.6 million.
- Using construction cost estimating data provided by SmithGroupJJR, the cost to construct facilities necessary for supporting a gathering of 500 persons is likely to be \$5.98 million to \$12.5 million depending upon the level of finish specified for the new facilities.
- Therefore, it is reasonable to project that an additional \$1.38 million to \$2.08 million will be needed to build new facilities with minimal finishes that could accommodate 500 people at the Woodlands if all the money from sales is reinvested into new facilities at the Woodlands.

Analysis and Recommendation

- Because the additional cost to construct a campground with all new facilities is so large, the MCT will not be recommending the option of selling Blue Water, Manitou, Park of the Pines, and Sanford, and keeping the Woodlands at the April 2015 Conference.

The MCT has consistently heard members tell the committee that to “do nothing” is not a good option. Therefore, MCT present the following two options since the third option presented in November 2014 does not appear to be financially feasible.

Recommendation – Maintain and Operate Two (2) Campgrounds:

Sell Manitou, Sanford and the Woodlands. Keep Blue Water and Park of the Pines.

- Downsizing allows the mission center campgrounds to concentrate financial and ministry resources while retaining some historic ties to campgrounds.
- Blue Water and Park of the Pines are currently developed and could accommodate most, if not all, of the current MMC camping programs until other campgrounds sell and funds are available for improvements.

- Blue Water does not have large, immediate capital needs, is closest to the largest concentration of membership and has the highest utilization rate of MMC campgrounds.
- Park of the Pines is geographically separate and has the second highest utilization rate, is one of the oldest campgrounds in the Community of Christ and has a significant capital fund that is designated for facility improvements.

Since the November 2014 Conference the MCT has continued to gather information to help the conference when preparing for a final decision. Here is what we have learned since the November 2014 Conference:

- The most important improvement needed at the Park of the Pines is a new dining hall. The cost of a dining facility is estimated to be \$1.5 million and the Park of the Pines currently has over \$200,000 that has been raised for that purpose.
- An independent land valuation report tells us that we can expect Manitou, Sanford and the Woodlands to sell for a combined price in the range of \$2.7 million to \$3.2 million.

Recommendation – Maintain and Operate One (1) Campground:

Sell Blue Water, Manitou, Park of the Pines and the Woodlands. Keep Sanford.

- There is no need to sell all campgrounds when property is already owned and developed.
- Of the campgrounds currently owned in the MMC, Sanford is the most central to the MMC membership.
- The property is currently developed and could accommodate most MMC camping programs until other campgrounds sell and funds are available for further improvements.
- There is substantial water frontage.
- The campground has consistently experienced positive annual cash flow over the last decade.
- Consolidating physical assets will allow for reduced overall operating costs.

Since the November 2014 Conference the MCT has continued to gather information to help the conference when preparing for a final decision. Here is what we have learned since the November 2014 Conference:

- There are several significant investments that need to be made to accommodate larger gatherings:
 - Replace the Jr. Auditorium with a four season lodge
 - Replace the bathrooms near the bunk house
- The estimated cost for these improvements is \$750,000-\$1,000,000
- The Township Planning Commission reports that there is a process that can be followed that could allow for the proposed construction as noted above.

LIST OF ATTACHMENTS

The following documents are attached to the official report that has been submitted. These documents are the background information that has been collected and are essential to the summary and recommendations of the MCT. Since there are over 110 pages in this list of documents, the attachments will be made available on the Mission Center's website, in several binders at the conference, or by request to the Mission Center Office.

- a. Conference Resolution from November 2012 authorizing MCT (Attachment A)
- b. MCT update provided at the November 2013 Conference (Attachment B)
- c. Consultant info with members dated April 2014 (Attachment C)
- d. Survey of membership results (Attachment D)
- e. MCT report to the November 2014 Conference (Attachment E)
- f. Construction Costs (Attachment F-Cost Ranges)
- g. Sought out real estate professional's estimate of sales valuation (Attachment G)
- h. Prepared final two recommended resolutions for April 11, 2015 Conference (Attachment H)

Attachment H, the recommended resolutions are to be included in the electronic and printed packets that will be sent to delegates.

DISCUSSION PROCESS FOR THE APRIL 11, 2015 CONFERENCE

The MCT has worked to consistently share information, discuss what has been learned and seek out feedback through information sessions held at fourteen (14) locations throughout the state, through discussions at each of the 2014 Mission Center reunions, through surveys of the membership, through four (4) dialog sessions, through the Mission Center's website, and through a dialog session at the November 2014 Conference. As the conference moves toward consideration of and action on the two recommendations it is important to take significant time to continue the sharing of information and discussion before bringing the matter up for a vote of the conference.

By 10:00 a.m. conference, delegates and attendees, can expect to spend time on each of the following items prior to the motions coming before the body for official action:

- Presentation of information collected by the MCT
- Review of the two resolutions
- Questions & Answers
- Dialog on the two resolutions
- Discussion of potential amendments

This time will be structured to make sure that as many voices and viewpoints get an opportunity to be heard possible. At various points during the discussion the "clickers" will be used so that all can hear the thoughts and reflections of the delegation as a whole. Since this is a delegate conference, "clickers" will be distributed only to delegates.

The Michigan Campground Team submits the following for consideration and action at the April 11, 2015 Michigan Mission Center Conference:

Resolution to Maintain and Operate Two (2) Campgrounds

Whereas, the Michigan Campground Team (MCT) is keenly aware of the ministry of Jesus Christ and the dedicated stewardship of so many disciples that has occurred and is occurring at each one of the Michigan Mission Center Campgrounds; and,

Whereas, it is also becoming apparent that camping ministry in the Community of Christ and in other denominations is changing and it has become increasingly difficult to properly maintain these campgrounds; and,

Whereas, upon prayerful and discerning deliberation in meetings over the past two (2) years and upon evaluation of surveys of the membership, reports from the consulting firm SmithGroupJJR, a market analysis from Real Estate Professional Services, Mission Center Conference dialogs, letters, emails, and testimonies; and

Whereas, the Community of Christ Use of Net Proceeds Policy states "when a mission center disposes of a capital asset, the mission center officers, in consultation with the Apostle and mission center council, will submit to a mission center conference a resolution for the use of the net proceeds;" therefore, be it

Resolved, that the Michigan USA/Canada Mission Center operate and maintain two campgrounds, Blue Water and Park of the Pines, and sell three campgrounds, Manitou, Sanford and The Woodlands; and be it further

Resolved, that communication be provided through quarterly updates to the Michigan USA/Canada Mission Center congregations regarding progress towards selling campground properties; and be it further

Resolved, that the mission center officers appoint a committee(s) with members from the mission center to handle aspects of the sale and future planning, with oversight exercised by the appropriate mission center and world church officers; and be it further

Resolved, that the net proceeds from the sale of campgrounds shall be utilized for pursuing mission through the development of campground properties and mission center camping and gathering activities, and net proceeds will initially be held in a Michigan Mission Center affiliate investment pool account(s) until mission center officers, with input from the above referenced committee(s), are able to consult with the Apostle and mission center council to propose a resolution for the use of funds for mission center conference approval in accordance with the Use of Net Proceeds Policy.

The Michigan Campground Team submits the following for consideration and action at the April 11, 2015 Michigan Mission Center Conference:

Resolution to Maintain and Operate One (1) Campground

Whereas, the Michigan Campground Team (MCT) is keenly aware of the ministry of Jesus Christ and the dedicated stewardship of so many disciples that has occurred and is occurring at each one of the Michigan Mission Center Campgrounds; and,

Whereas, it is also becoming apparent that camping ministry in the Community of Christ and in other denominations is changing and it has become increasingly difficult to properly maintain these campgrounds; and,

Whereas, upon prayerful and discerning deliberation in meetings over the past two (2) years and upon evaluation of surveys of the membership, reports from the consulting firm SmithGroupJJR, a market analysis from Real Estate Professional Services, Mission Center Conference dialogs, letters, emails, and testimonies; and

Whereas, the Community of Christ Use of Net Proceeds Policy states "when a mission center disposes of a capital asset, the mission center officers, in consultation with the Apostle and mission center council, will submit to a mission center conference a resolution for the use of the net proceeds;" therefore, be it

Resolved, that the Michigan USA/Canada Mission Center operate and maintain one campground, Sanford, and sell four campgrounds, Blue Water, Manitou, Park of the Pines, and The Woodlands; and be it further

Resolved, that communication be provided through quarterly updates to the Michigan USA/Canada Mission Center congregations regarding progress towards selling campground properties; and be it further

Resolved, that the mission center officers appoint a committee(s) with members from the mission center to handle aspects of the sale and future planning, with oversight exercised by the appropriate mission center and world church officers; and be it further

Resolved, that the net proceeds from the sale of campgrounds shall be utilized for pursuing mission through the development of campground properties and mission center camping and gathering activities, and net proceeds will initially be held in a Michigan Mission Center affiliate investment pool account(s) until mission center officers, with input from the above referenced committee(s), are able to consult with the Apostle and mission center council to propose a resolution for the use of funds for mission center conference approval in accordance with the Use of Net Proceeds Policy.