



Campground Sales Quarterly Updates

February 16, 2017

The listing contract for the Woodlands came up for renewal January 1, 2017, and Manitou is February 1. They have both been renewed. Our realtor has broadened the marketing scope by getting a broker from the Chicago area. There is activity occurring as a result. In addition to their routine websites, our properties are also listed on LoopNet and CoStar, which are national in scope. For both properties there have been some general inquiry contacts, and some have developed into possibilities. Some specifics about each campground follows.

Manitou: The party that sent the Letter of Intent just before MC Conference in November, may not go much further. Our realtor has been in contact with them and has done some research. It appears they are part of a group that invests in “flips.” They acquire property (on the cheap) do minimal improvement and then flip it. While they could still come forward with a solid offer, he is not encouraged, based upon his findings.

The partner broker from the Chicago area has yielded some prospects. Prior to the holidays, our realtor had been talking with two potential buyers (along with the broker) and had sent them additional requested information. They appear wanting to use the property for some development other than a campground. He believes there could be some concrete results from either or both, sometime this spring. Another party from the Chicago market contacted the realtor and wanted to know if we had and financial reports from our operations. They are considering the property for campground use. While our income/expense reports have limited value from a commercial perspective, it would provide some insight into maintenance operating costs. That information has been sent to them for the last 3-years. Another party is looking at the property for a non-profit campground use.

Woodlands: There hadn't been much recent activity until right before Christmas. This contact could be promising. The contact is professional and has experience in these kinds of transactions. There is a party from Kansas, who owns a “game ranch” there, and has family in Michigan. He had been thinking about opening a “game ranch” in the UP. However, they went past the property, saw the sign, and got interested. Our realtor has sent them all the information about the property. They are checking with Michigan officials regarding any regulations needed for compliance should they enter this venture. We anticipate hearing something from them later this spring.

November 5, 2016

The following report was printed in the materials for the 2016 fall mission center conference.

A lot has transpired regarding our campground sales efforts in 2016. After some difficulty locating appropriately credentialed appraisers, the sales team contracted to get current independent appraisals for both Camp Manitou and The Woodlands. We are required to use a State of Michigan certified Appraiser with the "Certified General Real Estate Appraiser" credential. State law requires the use of this designation for any property that could have a value exceeding \$1 million, and/or has potential use beyond residential usage. Individuals with these credentials are in high demand and to took longer than anticipated.

Once appraisals were completed, we established listing prices and entered into contracts with a Realtor to list both properties. The Realtor we chose "Real Estate Professionals Services, Inc." (REPS) had offered to reduce the commission that we would be required to pay if they were permitted to list both properties. So, in January a listing agreement was established for sale of The Woodlands. In February, we established a listing agreement for Camp Manitou. Both listing agreements are for a period of 6-months. Subsequently, we renewed both listing contracts for a second 6-month period.

Prior to the listing of the properties, various parties had expressed potential interest in both campgrounds. So, those parties were specifically exempted from the listing agreement. Should they acquire either of the properties, the Realtor will not collect a listing commission. To date, we have not received any offers from any of these parties; however, some have expressed continued interest if they can get their financing aligned.

Initially, using the information from the independent appraisals that were completed for each campground, listing prices were established. The Sales Team feels the listing prices fairly represented the information presented in the appraisals and should place the initial listing price competitive to the market as described in the appraisals. The Woodlands was listed for \$1,495,000. Camp Manitou was listed for \$829,000. These prices are exclusive of any personal property or movable property such as mowers, tractors, etc.

In the Spring of 2016, follow-up was conducted with each of the interested parties identified prior to signing the listing agreements. Some of the parties continue to advise us of their interest, but no offers have been received. Our Realtor informed us there was a "sportsman club" from the Detroit area making inquiry. They had some questions and wanted some additional information, which has been supplied to them. Multiple brokers have shown the properties. In late August, our Realtor (REPS) established a relationship with a brokerage in Chicago to broaden the marketability of our properties. The summer brought some renewed interest in Camp Manitou as several parties expressed interest in the property.

As campground reserve funds became exhausted for Camp Manitou, Mission Center Leadership requested a review of the listing prices for the campgrounds. Input from our Realtor (REPS) and the various brokers who had shown the properties, resulted in feedback from potential buyers that the prices were competitive in the market. We were advised that it may be prudent to consider the market impact of a relatively small reduction that would take the listing price for Camp Manitou just below the \$800,000 threshold. Hence, in late August, the price for Camp Manitou was revised to \$795,000. This

would be enough to enable posting “Price Reduced” in the promotional materials to try to stimulate more interest. It was determined to keep the listing price for The Woodlands the same throughout 2016. Then a re-evaluation will be made.

It is positive to note that interest remains in The Woodlands. Our realtor reported one additional contact and another broker has shown The Woodlands to a party who had made an offer on another parcel in the area, but was outbid; so, he now is considering The Woodlands.

In October, a party contacted REPS and submitted a “Non-binding Memorandum of Understanding” that included an offer for Camp Manitou. After contact with REPS, a counter-offer was made and the party expressed continued interest in further negotiations following a visit to Camp Manitou. They specifically requested a detailed inventory regarding items considered part of the campground listing and items not included (i.e. personal property). Preliminary information has been provided with emphasis that ALL items are negotiable.

The Sales Team recognizes that it can be frustrating that these properties have been on the market for nearly a year now. Unlike residential properties, which have many potential buyers for any property, our parcels have a very limited number of potential buyers. It largely requires an alignment of our properties with their desired use. Availability of financing is also a challenge as contrasted with a residential property. For anyone to come up with \$1.5-million can be daunting. If a party is part of a group and group consensus is required, they would have the same delays and challenges that a group like the Michigan Mission Center would have regarding timing, financial approvals, etc. Hence, sales take a lot longer to occur.

The Sales Team will continue monitoring the activities of our Realtor and the level of interest in our properties. If a new approach appears prudent, we will move in that direction. We are committed to carrying out the will of the conference.

August 31, 2016

Q: What is the latest sales update on Camp Manitou?

A: First, the company listing Camp Manitou has added an additional brokerage firm from Chicago to try to generate interest from a broader pool of potential buyers. The summer has brought some renewed interest in Camp Manitou as several parties have expressed some interest in the property. As of this writing, a local church contacted us to get contact information for our realtor. So far, we have not had any offers presented.

Mission Center leadership made inquiry about reducing the listing price. Our Realtor advised that price does not seem to be a barrier at this point; however, it would be prudent to consider the market impact of a relatively small reduction that would take the listing price just below the \$800,000 threshold. Hence, in late August, the price for Camp Manitou was revised to \$795,000. Hopefully, this action will be an incentive to those considering Camp Manitou.

Q: What is the latest sales update on The Woodlands?

A: Two of the parties that have expressed interest in the Woodlands remain interested; however, they are not ready to make an offer. For anyone to come up with nearly \$1.5-million is a daunting task. If approvals need to be received from a large group, they would encounter some of the delays that we would have to address. It is positive that interest remains from those parties. Our realtor reported one additional contact and another broker has shown the property to a party who had made an offer on another parcel in the area, but was outbid; so, he now wanted to look at The Woodlands.

When Mission Center leadership made inquiry about reducing the listing price, our Realtor advised that price does not seem to be a barrier at this point. Since The Woodlands appears to be operating without any significant deficits, interest remains from potential buyers, and price is not seen as a barrier, the decision was made to leave the listing price for The Woodlands at \$1,495,000. As we continually monitor interest and activity of potential buyers, the sales team will continue to monitor pricing as it may impact our listing.

May 12, 2016

Q: What is the latest sales update on Camp Manitou?

A: As Spring emerges, we anticipate renewed interest in our campgrounds that are for sale. One of the individuals who previously expressed interest in Camp Manitou has followed up with us and asked some questions, which have been responded to. Additional follow-up with each of the interested parties is being taken by the sales team. So far, no party has contacted our Realtor.

Q: What is the latest sales update on The Woodlands?

A: One of the parties who had expressed interest has been in contact with the sales team with renewed interest in acquiring The Woodlands. Like most interested parties, acquiring financing is the challenge. Gary Gordier met at The Woodlands with the interested party, along with their potential investor. Both renewed their interest in acquiring the campground if they can align their finances. So, we hurry up and wait.

Additionally, our Realtor informed us there was a “sportsman club” from the Detroit area making inquiry. They had some questions and wanted some additional information, which has been supplied to them. Again, we are at the mercy and pace of any potential buyer.

February 18, 2016

Q: Have appraisals been completed for both Camp Manitou and The Woodlands?

A: Yes.

Q: Have Listing Contracts been executed and what is the listing price?

A: Listing contracts have executed with Real Estate Professional Services, Inc. (REPS) for both Camp Manitou and The Woodlands. Using the information from the independent appraisals that were completed for each campground, a listing price was established. The Sales Team feels the listing price fairly represents the information presented in the appraisals and should place the initial listing price competitive to the market as described in the appraisals. Camp Manitou is now listed for \$829,000 and The Woodlands is listed for \$1,495,000. This price is exclusive of any personal property or movable property such as mowers, tractors, etc.

Q: Have those who interest expressed in the campground properties been contacted, now that listing prices have been established?

A: Yes. The Sales Team is following up with the individuals who expressed interested in purchasing the property(ies). Conversations with these interested parties are ongoing. Obviously, each of them will need to determine their continued interest and obtain appropriate financing before they are in a position to make any offer. These potential buyers were excluded from the listing agreements with REPS.

November 7, 2015

Q: Have we found a realtor(s) to list the campgrounds?

A: Yes, the Sales Team received two proposals from realtors. Both realtors who submitted proposals indicated similar marketing approaches. One realtor offered to reduce the commission that we would be required to pay if he were permitted to list both properties. Subsequently, we have agreed to use that realtor as the listing agent for both Camp Manitou and The Woodlands.

Q: When will the campgrounds be listed for sale?

A: Actual execution of the listing agreement requires that we have a listing price. At the present time we are awaiting an independent third-party appraisal for each campground. Hence, the actual execution of the listing is being held pending feedback from the appraisals.

Q: Is there a current estimation of what the values are for The Woodlands and Camp Manitou?

A: As previously stated, the Sales Team is awaiting the completion of the appraisals. It should be noted that any appraisal is only a snapshot at a specific point in time as to the potential value. We are required to use a State of Michigan certified Appraiser with the "Certified General Real Estate Appraiser" credential. State law requires the use of this designation for an property that could have a value exceeding \$1 million, and/or has potential use beyond residential usage.

Q: Weren't values presented to the April Conference?

A: Yes, values were presented at the April 2015 Conference. It was stated several times at the conference that these values were simply a marketing projection of one person (a realtor) and did not necessarily present the "highest and best use" valuations. Further, appraisals are merely a snapshot in time. We can all probably recall what happened in 2007 when virtually overnight properties lost 50-75% of their value. It may be that the campgrounds can be sold for some purpose other than a campground, which may yield a higher value. This is why an independent third-party appraisal is being done.

Q: Has any interest been expressed in either campground property for sale?

A: Yes, the Sales Team has received contacts from individuals who may be interested in purchasing both the properties that are available for sale. Conversations with these interested parties are ongoing. These potential buyers will be excluded from the listing agreements with the realtor, which will give us some negotiating latitude since we will not be required to pay any commission.

Q: What is going to be done with the equipment located at each campground?

A: Following are some possible answers that are responsive to this question.

1. If a prospective purchaser of the property would want the equipment, this is something that could be negotiated as part of an overall transaction. Generally, equipment may yield a higher value if handled separate from the real estate, albeit potentially sold to a prospective purchaser of the real estate.
2. An auction sale could be held to dispose of the property.
3. If one of the other remaining campgrounds would want any of the equipment, it could be available to them for a price. If multiple campgrounds would want the same piece of equipment, it could be sold to the highest bidder.
4. The equipment could simply be given to the remaining campgrounds.

Mission Center Leadership will have to make a decision on the disposal of equipment, based upon what happens with any offer to purchase the campground.

August 13, 2015

Q: Has any interest been expressed in the campground properties for sale?

A: Yes. The Sales Team has received contacts from individuals who may be interested in purchasing the property that is available for sale. Conversations with these interested parties are ongoing. These potential buyers will likely be excluded from any listing agreements with realtors.

Q: When will the campgrounds be listed for sale?

A: The Sales Team drafted a request for proposals (RFP) from realtors during May and June 2015. The RFP was mailed to potential realtors, posted through mission center communications, and advertised through realtor organizations. No responses to the RFP were received by the July 28, 2015 deadline.

Following the July 28 deadline for proposals, realtors who received the RFP were contacted directly. Some realtors indicated that they did not submit a proposal because it would be difficult to market a non-profit campground due to the lack of prior revenue data that potential buyers would need to secure financing. Other realtors contacted did not have interest in listing the type of property we have available.

The Sales Team is continuing to pursue realtors who may be willing to list the properties for sale. Details for a listing agreement will be negotiated when a qualified, interested realtor is identified.

Q: Do we have an appraised value for the properties?

A: No, the properties have not yet been appraised. It was the hope of the Sales Team that multiple responses to the RFP sent to realtors would reveal a range of listing prices that would indicate the approximate market value of the properties without incurring the expense of a formal appraisal. Since no responses were received for the RFP, the only property value estimates available at this time are the consultant report from Smith Group JJR and the market analysis reports from Real Estate Professional Services. Both of these reports were solicited by the Campground Study Team prior to the decision made at the spring conference. The Real Estate Professional Services market analysis reports were prepared without visiting the properties.

The Sales Team is now working to obtain formal independent appraisals for both properties to inform negotiations for any potential sales.

Q: How will the campgrounds be operated in 2016?

A: If Camp Manitou and The Woodlands remain on the market in 2016, then operations will be the responsibility of the mission center officers. The current mission center officers have had some preliminary conversations to see if the current campground managers and some board members are willing to assist with basic maintenance and operation needs. The Boards currently serving have prepared budgets for 2016 to best anticipate the expenses that will remain necessary while the properties are listed for sale but not operating.

Blue Water Campground, Park of the Pines, and Sanford Campground will continue to be operated by the elected Boards. Vacant positions on these three boards will be filled following customary procedures at the fall conference. Those who wish to be nominated for a board position can complete a nomination form available at www.CofChristMI.org/fall-conference.

Q: Why are congregations being asked to contribute to 2016 budgets for Camp Manitou and The Woodlands if they will not be operational?

A: Even though these two campgrounds will not be hosting Community of Christ events in 2016, there will still be expenses (insurance, utilities, campground manager compensation, etc.) for maintaining the properties until they are sold. As in past years all congregations are able to decide which, if any, campground budgets they wish to support. Because there is no anticipated usage income at these two campgrounds in 2016, income will come from congregation support and transfers from campground reserve funds.

Q: What will happen if congregational support commitments for Camp Manitou and The Woodlands do not meet the amount needed to support the budget in 2016?

A: If congregation support amounts and transfers from campground reserves do not meet the levels needed to pay the expenses at Camp Manitou or The Woodlands prior to their sale, then money from mission center reserve funds will need to be loaned to the campground accounts. Any loans made to the campgrounds will be repaid to the mission center reserve funds from proceeds of the property sales.

Q: Will the campground properties be available for rent or usage in 2016?

A: Mission center events will not be scheduled at Camp Manitou or The Woodlands beyond the final events in 2015. At this time there are no plans to market the properties for rent or use to other groups. Property taxes, income taxes, liability requirements, and several other items would need to be researched before any determinations could be made on the viability of renting the properties while they are listed for sale.

At this time the current campground managers are interested in continuing on-site occupancy and determining a level of employment that will allow them to maintain and secure the properties. There is no indication at this time that insurance rates or property values will be impacted by lack of usage during 2016.

May 14, 2015

Q: Why are some campgrounds being listed for sale?

A: The Fall 2012 Mission Center Conference considered and adopted a resolution brought to the conference by a congregation that called for a study of campground properties and recommendations for action at a future conference. The Michigan Campground Team consisting of 15 members (two selected by each campground board and five at large selected by the mission center council), the mission center financial officer, and the Presiding Bishopric led an evaluation process that lasted over two years. During that time Smith Group JJR was contracted to evaluate all five campgrounds, surveys were distributed throughout the mission center, dialogue sessions were held across the mission center, and reports were given a mission center conferences.

A special mission center conference was call for April 11, 2015 to consider the recommendations prepared by the Campground Study Team. The team offered one recommendation to sell Manitou, Sanford, and The Woodlands and a second recommendation to sell Blue Water, Manitou, Park of the

Pines, and The Woodlands. After amendment the conference approved a resolution to sell Camp Manitou and The Woodlands.

Q: Who is going to manage the sale of Manitou and The Woodlands?

A: The officers of the mission center, meaning the Mission Center President (MCP) and Mission Center Financial Officer (MCFO), are responsible for carrying out the actions approved by mission center conferences. The MCP and MCFO will handle the sale of property in consultation with the Field Apostle and Presiding Bishopric.

Since the sale of these campground properties is complex, the MCP and MCFO have asked a few members in the mission center with experience and knowledge related to real estate transactions and property management to provide them with guidance and advice. This Sales Team will help to identify a realtor(s), approve the property listing, prepare the properties for maximum sale price, and negotiate with potential buyers.

Q: Who will serve on the Sales Team?

A: The Sales Team will be led by Gary Gordier. Kevin Anderson and Kirk Kramer are also serving on the Sales Team. These three individuals bring a wealth of knowledge and experience to assist the MCP and MCFO in managing the sales of Manitou and The Woodlands.

Gary Gordier, High Priest – Bay City Congregation

Gary was engaged in the sale of a \$1.2 Million church property and an \$87,000 property. Over the years, he has bought and sold 5 homes, and been part of development teams which built several multi-million dollar commercial buildings. As a management consultant, in 2013-14 he was intensely involved with a \$500 Million development project.

Gary served the Michigan Regional Presidency and Bishopric for over 12 years in addition to various leadership roles in congregations and districts which include multiple campgrounds throughout Michigan. He has lived in the Chicago area; Fort Collins, CO; El Paso, TX and Austin, TX. The last few years he has worked as a management and technology consultant. During that time, while in those geographic areas, he served in the capacity of District President and Congregational President in multiple jurisdictions.

Kevin Anderson, High Priest – Kalamazoo Congregation

As a City Manager for nearly 30 years Kevin has been involved and a wide variety of real estate transactions on behalf of the communities he has served. He's overseen transactions for park acquisitions, office park development, industrial park developments, and environmentally distressed properties so that cleanup could be expedited. His experience includes all aspects of municipal government including zoning, utility infrastructure necessary to support land use, and assessing of

property values. Prior to a career in city management Kevin served the Community of Christ through Central Development Association and helped purchase and maintain properties on which the Temple is now located.

Kirk Kramer, High Priest – Wadhams Grove Congregation

Kirk is employed as the Vice President for Administrative Services at St. Clair County Community College. Kirk has participated in sales of church held properties on several occasions including buildings and vacant lots. He has worked with both local and world church officers while coordinating with local municipalities, contractors, realtors and potential purchasers as part of the sales process. Sales have included both cash and land contract agreements. Facilitating the closing of congregations and transitioning ministries were included in the sale process. Kirk is responsible for a \$31 million annual budget at the College and \$100 million in buildings and grounds. Work includes risk management and legal coordination as well as contract oversight including both construction and service agreements.

Q: What will happen to Manitou and The Woodlands while they are listed for sale?

A: All summer activities scheduled for 2015 will continue as planned. At this time no additional events will be scheduled at Manitou or The Woodlands beyond the last event scheduled for 2015. The current campground boards will maintain operations and responsibility for the campgrounds through the remainder of 2015. If the campgrounds have not been purchased by December 31, 2015, then the MCP and MCFO will be tasked with management of the properties as mission center assets.

Guidance from the current campground boards, Sales Team, and church officials will inform future decisions on any use of the properties beyond the 2015 camping season. At this time no mission center or congregational activities will be scheduled at the campgrounds beyond this year. Liability, tax-exempt status, costs, maintenance, and many other items would need to be thoroughly researched prior to renting the properties if they were to remain on the market for sale.

Please send your questions to dnowiski@cofchrist.org or jack@cofchristmi.org.