

SALE OF TEMPLED HILLS CAMP & RETREAT CENTER

ACTION TO BE VOTED ON:

The Board of Trustees of the Rocky Mountain Conference is authorized to sell and convey all or any legally divisible portion of the Templed Hills Camp & Retreat Center, and to use the proceeds to pay mortgage debt encumbering the Templed Hills and then the Buckhorn Camp properties; to restore with interest the designated funds used to pay camp debt and obligations; and, to repay with interest funds lent by the Trustees to pay camp debt and obligations. Any remaining proceeds will be added to the funds held by the Trustees for future capital purposes of the Conference.

In the event that sales proceeds are insufficient to pay mortgage debt encumbering the properties, the Trustees are authorized to borrow and mortgage other Conference property as a means of completing the sales transaction.

The proper officers of the Board are authorized to negotiate, execute and deliver any and all documents necessary for these transactions.

RATIONALE:

The Conference Board of Trustees and the Conference Council on Finance and Administration recommend the companion petitions seeking authority to sell camp property for the following reasons:

The Conference cannot afford to continue to make unbudgeted payments on the mortgage debt. The total monthly/annual debt service on the three mortgages is \$17,500/\$212,000. Operating income from Templed Hills has never been sufficient to pay its share of the debt. Buckhorn has fared better, but at a high cost to staff and deferred maintenance. For the years 2005 through 2007, the Conference made unbudgeted camp debt payments of over \$350,000. (The Conference budget amount was \$75,000 per year.)

Templed Hills has a first mortgage with a principal balance of \$1,285,000, and a second mortgage for the director housing with a principal balance of \$248,000. Buckhorn has a first mortgage with a principal balance of \$710,000. Value estimates for Templed Hills range between \$2.4 and \$3.0 million. The surplus acreage at Buckhorn has not been separately appraised. Based on available information, the properties should sell for amounts necessary to retire the mortgage debt.

If the current mortgage payments at Templed Hills continued through their terms, the total payments would equal or exceed the current estimated market value of the Templed Hills property. The Conference may own an appreciated property, but will have asked donors to prioritize camping for many years among all other missional issues.

It is a fiduciary responsibility to address the debt to value problems at the least possible damage to all other United Methodist financial interests in Colorado, Utah and Wyoming.

44 These other interests include health insurance reserves, pension funds held in the Conference,
45 maintenance reserves for other properties, and program funds for all Conference programs
46 and staff salaries.

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48 Payment of camp debt is a program issue. What has happened is that camp ministries have
49 been prioritized by virtue of the Conference resources needed to pay the debt. As an
50 example, investment per camper has been in the range of \$500 to \$1,000 per camper when
51 Conference debt payments are taken into account. This is by far the highest such investment
52 in the Western Jurisdiction, as well as the highest such investment per person in any other
53 Conference ministry or program. Payment of the mortgage debt should be viewed as a
54 programmatic issue since every dollar spent on the debt is one less dollar spent on other
55 important ministries and programs. Other programs include the development and training of
56 effective leaders; the creation of new faith communities; outreach in mission and ministry;
57 and so forth.

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59 Camp ministries are important to this Conference, and the Conference will continue to
60 support camping and outdoor recreational ministries. Camping is not going to end in the
61 Conference; it will just be supported differently.

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63 The Conference's commitment to camp and recreational ministries is not dependent upon
64 whether the camp facility is owned by the Conference.

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66 Market solutions have proven inadequate. Past studies and efforts have urged the Conference
67 to utilize camp properties at or near 100% capacity as the means to paying debt and
68 recovering costs. From a management perspective, the question of capacity should be
69 assessed in terms of proven market capacity rather than extant lodging capacity. The
70 evidence that exists of market capacity is that the market has never provided, and is therefore
71 unlikely to provide, the income necessary to pay debt and recover costs.

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73 Subdividing and selling off parcels is only a partial solution. The Trustees commissioned an
74 appraisal of hypothetical 35-acre parcels at Temple Hills. The results show that even under
75 optimal conditions, such an approach would at best pay down the first mortgage debt by
76 about half, leaving continued debt service and recurring budget problems.

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78 Surrendering the property to the lender was voiced, but not seriously considered as an option.

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80 The Trustees met with camping consultants around the issue of whether a capital campaign
81 might raise funds sufficient to pay off the debt in a reasonable period of time. The success of
82 such a campaign depends largely on donor support. Payment history on the 2004 and 2005
83 special apportionments for camping show that such support is unlikely to be generated. The
84 failure of such a campaign would likely decrease donor confidence in the viability of other
85 Conference missions and programs.

86
87 Buckhorn Camp is comprised of two 160-acre parcels (+/-). The camp and retreat facilities
88 occupy one of the parcels. The other parcel is not used by the camp and is surplus acreage

89 available for debt reduction. The primary objective of the petitions is to retire the mortgage
90 debt encumbering both camps. This objective may be achievable without the sale of this
91 parcel at Buckhorn; however, at this point in time, the Trustees want the flexibility to sell this
92 parcel to better assure the objective.

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94 The time necessary to position and market the properties must be open-ended. The
95 Conference will engage professional representation to market the properties. As necessary,
96 the Trustees will advance Trustee-controlled funds to service debt during the marketing
97 period.

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99 Brief History: In 2004, the Board of Stewards, the Council on Finance and Administration,
100 the Board of Trustees and Episcopal leadership raised serious questions about the financial
101 burden placed on Conference resources and Conference ministries by the debt load of the
102 camp bonds. There was discussion around the potential sale of Templed Hills as a possible
103 solution. The Council on Retreats and Camps, joined later by Trustees, put forward a
104 petition calling for a special apportionment for camping ministries. The petition set forth
105 plans to refinance the bonded debt, restructure management and re-double efforts to market
106 the retreat center during the off-season. The Annual Conference voted to provide the
107 subsidy.

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109 Conference leadership moved promptly to refinance the bonded debt, to change management,
110 and to explore a capital campaign. The director housing at Templed Hills was upgraded to
111 attract qualified on-site management. Camp staff increased marketing efforts. By the end of
112 2006, it was clear that the giving pattern on the special apportionment was not likely to
113 exceed the giving pattern on the Conference general apportionment. The Conference was
114 increasingly being asked to cover unbudgeted expenses. The efforts since 2004 to increase
115 productivity at Templed Hills did not work.

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117 In July 2007, the Trustees and the Council formed a joint study group to explore options and
118 report recommendations. The study group returned its recommendations in October and
119 November. In November 2007, the Trustees approved the action set forth in the two
120 petitions. The proposed action was then discussed in detail with the Board of Stewards, the
121 Executive Leadership Team, the Templed Hills Board of Directors, the Council on Retreats
122 and Camps, and other stakeholders.

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124 In summary, the Board of Stewards is charged with the responsibility of setting the mission
125 and ministry program priorities of the Conference within a proscribed budget that the
126 Council on Finance and Administration develops and under standards of property use
127 established by the Board of Trustees. All three bodies support the petitions.

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130 **PETITION INFORMATION:**

131 **EFFECTIVE DATE:** Immediate upon passage.

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133 **TERMINATION DATE:** Completion of authorized transactions by Conference Board of
134 Trustees.
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136 **ORIGINATOR OF THE PETITION:**
137 Board of Trustees of the Rocky Mountain Conference
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139 **PERSON TO PRESENT PETITION TO CONFERENCE:**
140 Rev. Stephanie Munoz, Chairperson, Conference Board of Trustees
141 P. O. Box 56, Berthoud, CO 80513-0506
142 303/970-532-2142
143 scmunoz@comcast.net
144

145 **FINANCIAL IMPACT:**
146 Will there be any financial impact to the Conference? No.
147 Cost: _____ Period: _____ (Not to exceed one year)
148 (To be completed by Conference Council on Finance and Administration)
149 Reviewed by Council on Finance and Administration on: _____
150 Included in the Proposed 2007 Budget ____ Yes/No. In amount of \$ _____
151 Recommendation by Council concerning funding: _____
152 Reason(s): _____
153 _____
154 _____