$5,980,000 | REFINANCING | Calvary Chapel Newport News | Newport News, Virginia

CALVARY CHAPEL NEWPORT NEWS

Client Profile

Pastor Anthony Clark moved with his family from California to Virginia to found Calvary Chapel Newport News in October of 1994. The church serves the Hampton Roads area with a large community of the Armed Forces (Army, Air Force, Navy, Coast Guard, and Marines) represented in the congregation.

The church continues to grow and thrive as a multicultural fellowship representing over 30 countries. The church's teaching extends from adults to children, including a children's ministry, known as Kidz Bible Adventure (teaching infants through fifth graders), and youth ministries, known as FUEL (sixth to eighth graders) and IGNITE (ninth to twelfth graders). In addition to traditional ministries, the church operates Calvary Chapel Christian Academy ("CCCA") at the church campus. CCCA offers a full-time elementary school for grades Kindergarten through 7th grade. Additionally, CCCA offers a year-round, full-time early childhood program for infants and toddlers, a preschool program for ages two to three years old, and a pre- Kindergarten program for age four. CCCA also offers a before and after-school program for school-aged students up to 12 years old, serving primarily children who attend Newport News Public Schools.

The church campus, located at 15537-15559 Warwick Boulevard in Newport News, was purchased by the church in March 2015. The campus consists of nine acres containing a one-story, 90,877-square-foot neighborhood shopping center, constructed in 1987, along with paved parking for approximately 487 vehicles. The renovations completed to the church campus in 2015 allowed for approximately 40,677 square feet to be utilized for the church's religious assembly use, along with 7,200 square feet being leased to retail tenants. The retail space is currently 100% occupied by four tenants. Initially, the space utilized by the church had a 600-seat sanctuary/assembly area, classrooms, administrative offices, restrooms, and mechanical and storage areas.

In 2019, the church undertook further renovations at the church campus, which included the build out of the remaining 43,000 square feet of space, containing a 1,200-seat sanctuary, expansion of the children's ministry area, and expansion of the educational aspects of ministry for elementary grades in CCCA. The church received its occupancy permit for the sanctuary, foyer, and classrooms in February 2020. The church received its occupancy permit for the remainder of the children's ministry areas in June 2021.

Dave Schlosser's Team

In January 2019, the church closed on a 25-year, fixed-rate financing package to be used to finance the renovation of the church campus and to refinance its then existing debt. In August of 2021, with interest rates at historical lows, Dave Schlosser reached out to church leadership with a refinancing proposal. Church leadership ultimately chose to again work with Dave Schlosser and his team, recognizing the value of a long-term financing structure and Dave's expertise with religious organizations.

In November 2021, the church closed on a 22.5-year, fixed-rate financing package to refinance its debt that was issued in 2019. The new financing significantly reduced the church's interest expense by securing a lower interest rate, while continuing to match the maturity term for the church's indebtedness.

The financing structure offers a true fixed interest rate, with no prepayment penalties, and additionally avoids any large balloon payments during its life, which simplifies budgeting for future years. As a growing church with the possibility of future financing needs, the open-ended mortgage feature is another advantage of this financing program.

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