HARVEST POINT FELLOWSHIP CHURCH

CASE STUDY
FINANCING FOR RELIGIOUS ORGANIZATIONS
MAY 24, 2022

Client Profile

In the fall of 2013, Lawrence and Shannon Scott met with seven families in their home and presented their vision of a future church, and in January 2014, Harvest Point Fellowship Church began as a church plant of The Church at Bethel’s Family of Houston, Texas. The church’s initial worship service was held in its currently leased facility on February 16, 2014. The church grew to approximately 960 in attendance by the end of 2019. The church serves a multi-generational congregation and provides a large variety of ministries and supports missions locally, nationally, and internationally.

In February 2017, the church had purchased an approximately 7.485-acre parcel of vacant land located at 2450 Garden Road in Pearland, with intentions to construct its first owned facility. As of April 2022, the church saw average weekly in-person attendance of 1,023, with an estimated online viewership of 388.

The Project

The project to be completed on the church’s vacant land will include the construction of a two-story, approximately 37,361-square-foot facility. The church plans to finish the majority of the first floor in the initial phase of construction and plans to finish the remainder of the first floor and the entirety of the second floor at a later date. The first floor will contain 21,857 square feet, and the unfinished second floor will contain 15,504 square feet. Upon completion of this first phase, the first floor will contain approximately 6,242 square feet of unfinished space, and the entire second floor will remain unfinished. The finished space will include a sanctuary with seating for approximately 479 persons, a children’s ministry space, a youth ministry space, and offices. The project also includes a paved parking lot for 250 vehicles. Management of the church anticipates a second phase of construction to complete the unfinished space at a later date, as the growth of the church congregation requires and as funds of the church allow.

The Stifel Difference

Initial conversations between Bill Dodson and the church took place in August 2021, and continued regularly as the church methodically developed its plans, incorporating insights provided by Bill and the Stifel banking team. After considering various funding solutions and lenders, in October 2021, the church engaged Stifel to underwrite $5,200,000 in First Mortgage Bonds to complete the funding of the initial phase of the project, completing the transaction in May 2022.

The structure of the bond financing provided the church with a 25-year, fixed-rate, fully amortized financing structure that insulates the ministry from interest rate risk and eliminates the need to refinance future balloon payments. In addition, the terms featured capitalization of first-year bond payments, relieving the church of the need to make cash payments on the bonds while still bearing the cost of leasing the current facility, followed by an interest-only stabilization period during the second year, when the church anticipates occupying the new facility. The terms of the financing also allow the church to issue additional bonds in the future to fund later phases of construction, a key consideration for a growing church. Finally, the terms included no prepayment penalties, allowing the church to accelerate principal retirement without expensive constraints.