

CASE STUDY

FINANCING FOR RELIGIOUS ORGANIZATIONS

JUNE 14, 2022

VALOROUS CHURCH

Client Profile

In October 2003, Senior Pastors Clay and Kim NeSmith started what was originally called Barefoot Community Church in their living room in Barefoot Resort, along with 12 of their neighbors. By June 2004, the church had moved worship services to a local hotel conference room. As growth continued, in 2005, the congregation began holding worship services at North Myrtle Beach High School, where attendance grew to 250 people. In 2006, the church began leasing its current venue on Main Street, where attendance grew to 700 people by 2007. In 2010, the church began its virtual ministry, providing weekly worship services online. In 2012, the church purchased a 60-acre parcel of vacant land located on Robert Edge Parkway, with intentions to construct its first owned facility. In 2015, the church started its preschool ministry, followed by its children's academy ministry in 2018.

With the church utilizing a 650-seat sanctuary, weekly worship attendance was nearing maximum capacity in early 2020. The church's educational ministries were also nearing capacity limits in the modular building space being utilized. In 2021, the church began preliminary site work for the development of the vacant land. In March 2022, the church rebranded to Valorous Church, and average weekly in-person attendance was at 800 people with an estimated online viewership of 300.



\$10,375,000 | NEW CONSTRUCTION AND REFINANCING

Valorous Church, Inc. | North Myrtle Beach, South Carolina

The Project

The project to be completed on the church's vacant land will include the construction of an approximately 26,558 square foot ministry facility, consisting of a sanctuary with seating for 1,000 people, eight offices, lobby space, a nursery and toddler room, and a family room for visiting mothers. The project also includes a paved parking lot for 500 vehicles. Management of the church anticipates a second phase of construction in the future to complete an addition to the building that would contain classrooms to allow for the growth and expansion of the church's educational ministries.

The Stifel Difference

Initial conversations between Dave Schlosser and the church took place in 2018, and continued regularly as the church developed its project plans. After considering various funding solutions, in December 2021, the church engaged Stifel to underwrite \$10,375,000 in First Mortgage Bonds to

complete the funding of the initial phase of the project, completing the transaction in June 2022.

The structure of the 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. 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.

CONTACT

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