

# CASE STUDY

## FINANCING FOR RELIGIOUS ORGANIZATIONS

NOVEMBER 26, 2019

### WESTWOOD BAPTIST CHURCH

#### Client Profile

Westwood Baptist Church began in 1979 as a church planting project involving a group of members from a local Baptist church in the Alabaster, Alabama, area with assistance from the Shelby County Baptist Association and the Alabama State Baptist Convention. After experiencing little growth, a decision had been made to close the project. However, a few of the church leaders investigated a vacated church building near Thompson Road. The members agreed to buy the building and restart the effort. On January 4, 1981, under the leadership of John Feree, a local attorney, the church held its first worship service in a building on Thompson Road and was officially constituted as Westwood Baptist Church the following month, February 11, 1981.

The church continued to grow, eventually calling a full-time pastor and purchasing additional land adjacent to its Thompson Road site. In 1986, the church raised an 80-foot cross on the property that became a trademark sign for the church for many years. In 1987, the church constructed an education building on the Thompson Road property, and in 1998, responding to continued growth, built a 600-seat sanctuary.

The church continued to grow, and in 2004, after a three-year study period, the church purchased its current 43-acre location to construct a new church campus.



#### \$8,510,000 | REFINANCING

Westwood Baptist Church | Alabaster, Alabama

Construction began in fall of 2004, and the church held its first worship service in the new facility on March 19, 2006. In 2008, the church continued improving the site by adding 9,500 square feet of modular buildings to accommodate the growing children's ministry and by paving additional parking.

In 2016, the church called Dr. Kenneth Bruce as Senior Pastor. Under Pastor Bruce's leadership, the church has continued its history of growth. Among its many ministries, the church sponsors mission trips and partners with families from the church who serve as missionaries in foreign countries. In 2016, the church also renovated its youth ministry and preschool spaces.

In February 2008, the church issued its 2008 Series Bonds in the original principal amount of \$11,200,000. The 2008 Series Bonds were used to retire then existing bank debt, to fund the acquisition of modular buildings for additional education space, and to fund the paving of additional parking.

#### Bill Dodson's Team

Toward the beginning of 2019, the church was exploring ways to restructure the outstanding debt to accomplish faster principal repayment and lower interest expense, and held discussions with a number of banks. However, difficulties arriving at an acceptable valuation of the church site stalled the process.

Around that same time, the church was contacted by Bill Dodson, Managing Director in Stifel's Religion Finance Practice. Bill had reviewed the church's outstanding bond issue and concluded that a refinancing was feasible using alternative valuation methods, and the church's objectives could be accomplished. After working with the church's staff and board of trustees, Bill's team proposed a plan to issue a new series of bonds to refinance the 2008 Series. The proposed 2019 Series would shorten the final maturity of the debt and give the church a lower fixed interest rate, while keeping the sinking fund payments substantially the same. The church accepted Bill's proposal, and the transaction closed in November 2019, putting the church on a path to pay off its debt almost five years earlier than originally scheduled.

### CONTACT

**Bill Dodson** | (210) 321-3039 | [bdodson@stifel.com](mailto:bdodson@stifel.com)

1878 Herbelin Road, Suite 3203 | New Braunfels, Texas 78132

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