

CASE STUDY

FINANCING FOR RELIGIOUS ORGANIZATIONS

JANUARY 31, 2023

EXPRESSION CHURCH OF HUNTINGTON

Client Profile

Expression Church was founded in 2013 by current Senior Pastor Kevin West. The church had its first service in September of that year with 66 attendees meeting in leased space. By 2016, attendance had grown to 125, and the church bought a worship facility that seated approximately 250 people. The church subsequently sold that facility, and in 2018 purchased its current worship building at 115 Cheshire Way. In 2020, the church purchased the adjacent commercial building property, which is currently utilized for some ministry activities and is also occupied by several leasehold tenants providing rental income to the church. The church currently owns a total of 17 acres of property surrounding its main worship facility. The church is strategically located on the Ohio River, in close proximity to Interstate 64, allowing for a regional draw from Ohio, Kentucky, and West Virginia. The development of care ministries, an emphasis on dynamic music in worship, and a strong emphasis on multi-generational ministries has created a vision that has caused significant growth in the church over the past several years.

Along with Pastor Kevin, who has been in the ministry since 2002, the church has extremely seasoned leaders and pastors. The average number of years of experience in ministry leadership is 20 years or more. The church has a strong emphasis on worship in all age groups. The children and youth have their own bands and singers led by their age groups. The church is seeing a large number of young families attending and deciding to become members, primarily because of the Expression Kids ministry



\$4,475,000 | RENOVATION PROJECT AND REFINANCING

ECH West Virginia, Inc. d/b/a Expression Church of Huntington | Huntington, West Virginia

programs. Pastor Kevin also founded Expression Ministries Network, which acts as the ordination arm of the church's ministry, ordaining over 30 ministers to date.

In January 2023, weekly in-person worship attendance was consistently over 500 people in the sanctuary, with over 100 children in the youth ministry classrooms. Estimated online viewership was 350. The church currently holds one Sunday morning and one Wednesday evening worship service. The current sanctuary and the classrooms used for the church's Expression Kids ministries, encompassing nursery-age, preschool, and kindergarten through sixth grade, are often at maximum capacity during worship services.

The Project

The project at the existing worship building will include the interior renovation of approximately 7,500 square feet of the existing 25,847-square-foot building. The current 500-seat sanctuary will be expanded to include an additional 450 seats. It will also include the installation of three double-door entries into the new sanctuary space, rerouting of the HVAC, sprinkler, electrical, and fire alarm systems, the build out of a stage area, the framing and drywall of dividing walls to separate backstage areas, and installation of new flooring throughout. The current 114-space parking lot

will also be expanded with the addition of 100 more stalls for a total of 214. The church utilizes neighboring properties for overflow parking needs.

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 August 2022, the church engaged Stifel to underwrite \$4,475,000 in First Mortgage Bonds to complete the funding of the renovation project and to refinance then existing debt that had been used for purchase, construction, and remodeling of various parts of the church campus, completing the transaction in January 2023.

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 ministry expansion, a key consideration for a growing church. Finally, the terms included no prepayment penalties, allowing the church to accelerate principal retirement without expensive constraints. eliminates balloon maturities, and includes provisions for potential additional financing to accommodate the future growth of the ministry.

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