

Summary of Expected Major Provisions of the Synod's Lease with St. John's, as of 1/17/2019

1. The Lease is to begin on either February 1, 2019 or March 1, 2019. Initial rent will be \$3,800/month for 12 years.
 2. Included in the rent will be the following operating expenses: janitorial services five days a week, electricity, HVAC, water, sewer, pest control, security alarm, and garbage collection. The synod will pay for its internet and telephone service in addition to the rent paid to St. John's.
 3. At no additional expense, the synod may use rooms and areas at St. John's other than the rooms the synod is specifically renting, subject to advance reservation and approval by St. John's.
 4. Of the \$3,800/month rent, approximately \$1,000 is for services noted in #2 above and approximately \$2,800 is for mortgage amortization. The \$1,000 portion can be increased as the cost of these expenses increases, with no more than a \$50 increase per month in any one year.
 5. The \$2,800 amortization part of the rent can decrease after total payments from the synod and from campaign donors reach some dollar threshold X. (Rent payments are not included in this calculation.) There is not yet agreement on what X will be. The latest estimate from St. John's has X = \$632,837. Past or soon-to-be-made payments to or on behalf of St. John's that would count toward meeting a \$632,837 threshold currently total \$532,339, consisting of:
 - \$354,222 paid by the synod for the building contractor
 - \$43,295 paid by the synod for the architect, surveyor, and other small expenses
 - \$59,822 cash currently in LLL Building Fund, expected to be paid out to the contractor
 - \$70,000 committed by the Southeastern Lutheran Holding Corporation
 - \$5,000 of voluntary rent paid by the Synod in Fall 2018
- If X=\$632,837, then after the above payments an additional \$100,498 would have to be contributed for mortgage amortization before the synod would be eligible to begin receiving reductions in the \$2,800 portion of its monthly rent. Current pledges that have been made but not yet paid total \$156,547, which will likely not be fully satisfied prior to 2 or 3 years.
6. Once mortgage reduction payments exceed the dollar threshold X, additional contributions will be the catalyst for St. John's to request re-amortization of its mortgage. The resultant savings in monthly mortgage payments will be shared equally between the congregation and the synod (through lower rent). Once the mortgage is fully amortized, rent charged to the synod will be limited to the amount needed to cover the operating expenses noted in #2 above.
 7. St. John's may terminate the lease with a six-month notice to the synod. If St. John's sells its building, the buyer may continue the lease, in which case all provisions will remain in effect. If the lease is not continued, then the synod may be eligible for a partial refund of its donors' contributions, subject to:
 - a. Contributions made by donors affiliated with St. John's are not subject to refund. This total is currently \$238,063.
 - b. The total eligible for refund will be multiplied by the ratio of the number of days remaining on the lease at the time of termination divided by the total number of days in the 12-year lease period.
 8. St. John's may also terminate the lease if the building is destroyed by a natural disaster. If substantial insurance proceeds are collectible, then the rebuilding is to include space for the synod office. Other technical details of such contingencies are still being discussed.