

Issues Related to Leasing of Church Property
June 4, 2013

The proposal from Wexford for a 99 year lease on the church parking lot and the intent to build a parking garage at the last Trustees meeting brought up a lot of issues. The issues have been thoroughly researched with an attorney in Durham with 40 years experience in business and bankruptcy issues. Among the issues are:

1. A long term lease (regardless of the number of years), effectively gives away church control of the property to the lessee.
2. If the property went into bankruptcy at some time, the bankruptcy trustee could accept or reject the lease agreement and could sell the lease agreement to a different party.
3. DMUMC would not have much say in who purchases the lease agreement unless there is a clause in the lease agreement stating DMUMC's right to limit the use of the property.
4. DMUMC land under the parking deck would become subject to property taxes.
5. Most lenders with the construction loan and long term loan would probably ask for a hypothecation agreement where DMUMC would be asked to add the land as security on the loan.
6. DMUMC certainly would not want to do that because DMUMC would lose the land if project failed and lender foreclosed.

BOTTOM LINE: If DMUMC wants a parking garage for parking and to bring in revenue, let's build it. If DMUMC wants to use the property to build a building for ministries or for IHN housing. Let's get going on it.

Putting DMUMC land in the hands of others who will build on the land is a disaster waiting to happen.

Motion to be voted upon by members of Trustees: **It is resolved that Duke Memorial Trustees will not agree to nor sign a lease now, nor in the future, on property owned by Duke Memorial to any person, organization or business that intends to construct a building or parking garage on said Duke Memorial property.**

motion passed 5-2