

# Hub704 FAQs

## Questions related to feasibility and project failure?

**1. If the project doesn't go through what will be done with the money that was given through the giving initiative?**

The purpose of the giving initiative is to raise money for a building program. While there is always the possibility of not meeting all of the goals, the goal of constructing a building that is sustainable will not go away. All money raised will be placed in a separate account for this purpose.

**2. What happens if the hotel business doesn't make revenue / is not successful? Answer: There are three major reasons for a business not being successful.**

1. Determining whether or not there is a market for the services provided. Market studies were commissioned and completed for both the Day Care and Hotel portions of this project. The market studies are very strong and give every indication that these projects will succeed.
2. A decrease in the market either from new competition or a deterioration of the supply side of this analysis. The market analysis has looked at known competition that is in the market area and taken this into consideration. If new properties are constructed that do not exist today it is clear that they would have higher costs of land than the Venture proposed site as well as no ability to share common area costs such as parking, landscaping, site development etc. New competition would generally harm older properties rather than newer properties in any market.
3. Management Issues: Improper management can always be an issue as it relates to profitability for a hotel. Proposed management has a very strong track record and ability to be successful. If for whatever reasons this did not continue to be true, a management change can always be made to rectify this issue.

**3. Who gets the hotel/space if not profitable?**

At this time it appears that the entire complex and land will eventually be owned by the new for profit partnership that will be composed of Venture church and Investors. We believe that Venture church will be the general partner of this partnership. The hotel space will be owned by this group and they will be responsible for hiring management, operating the hotel or finding an alternative use if this is not profitable. (See question number 2 above)

**4. What if the other businesses are not profitable?**

The other businesses include a day care, coffee shop and event center. While each of these have significant potential, the only one that is being used in our financial pro-forma is the day care. Income derived from the event center and coffee shop will literally be "frosting on the cake". The day care portion shows a need for more day care that is literally over the "top." In addition, a few thousand homes are being constructed in the market area at the same time this project will be under construction which will only enhance this market. In addition, the management company which is being proposed has an extensive background in successful day care operations for the last 30 plus years.

**5. What happens if we begin to build and we run out of funds?**

The bible tells us to count our costs and that is exactly what BGW (Building God's Way) does as your architect. BGW has completed projects all over the United States including the Charlotte area and has a reputation and history of not exceeding the budget. We do carry a contingency in every project and that has always been adequate to take care of any project. Careful budgeting, working with people who do this work on a daily basis and having the right team together are the critical success factors in this area. Over 90% of BGW project on a national basis do not use the contingency and in fact complete the project less expensively than originally anticipated.

**6. If money is collected for land and the project stalls or is delayed or cancelled, who decides what happens with the money? Or what would happen with the money?**

This answer assumes that the money is collected for the land and the land is purchased. At this point the land is owned free and clear and is in the name of Venture Church. This asset is far and above more valuable than the original purchase price by at least a factor of one million dollars. At this point it would be Venture Church, which would make the decision on what to do if this project is stalled. Generally, a stalled project is still completed but on a different time line. A cancelled project would give Venture church a very large asset, which is their asset to be used to further the kingdom.

**7. What happens if the business down turns?**

A downturn is always possible in any business. In this event, the partnership, which will run the business will have sufficient working capital to get through this season. It is always wise to keep working capital for any business and this will not be any different. One of the values of this project is its diversity. One segment could have a temporary downturn while another segment will pick up the slack. By using very conservative estimates and operating this project conservatively there should be no cause for alarm during an economic downturn.

**8. What if we don't raise enough money for the land? Is there a plan B?**

We have developed a few scenarios if this happens and discussed them with representatives of Venture Church. It is clearly not a do or quit situation. While Venture is clearly capable of raising this much money over a three year campaign, it may be that it is not all available in time for closing. At that point, it is possible to borrow the difference based on the success of the giving initiative.

**9. Is there a Plan B with hotel specs?**

The specifications of the hotel have not been determined at this time. The entire design will go through a lot more work as we make the next steps of architectural design. These will be completed in concert with Venture church.

**10. What if the profit does not cover both investors and church need?**

The priorities will always be the mortgage, cash investors and then Venture Church. Investors have two sources of return on their investment. The first is cash flow and the second is depreciation. Our history of working with investors shows that if there is not cash flow, the depreciation will give them a positive return on investment. If there is cash flow, the depreciation will shelter a portion of this cash flow from federal and state taxes.

**11. What happens if one of businesses fails?**

The financial model only includes revenue from the hotel and the day care facilities. Extensive market studies have been done on both of these models. The breakeven analysis on the hotel and day care would show a very low occupancy - to the point that it would happen with a catastrophic economy. The model shows no cost to the church on a monthly or yearly basis. Under the worst of all situations, the partnership, which includes the church would have to make up the difference and pay the mortgage payments if there was a shortfall in this area.

## **How will the Operations / Partnership / Management of the different facilities work?**

**12. Will the church have a separate for-profit business that owns the hotel?**

A new for-profit business entity will be formed which will own the entire complex. It is anticipated that Venture church will be the General Partner of this entity. This entity will pay taxes, operate all of the facilities,

maintain facilities and make decisions on management of each of the entities. This business will not be the management of any of the entities.

**13. What is the end game? Who is going to be responsible for the facility long term?**

The investors will be bought out at the end of 10 years, which is when Venture church will be the sole owner of the property. Generally, a hotel is “refreshed” every 7 years, which would mean that a major amount of long term maintenance would have been completed just prior to full ownership. The profit from the businesses will continue paying the management companies to run and maintain the facilities.

**14. How will Venture Church “share” influence with its business partners in managing the property?**

The business partners will more than likely be limited partners or share holders in a limited liability corporation. These business partners are investors not operators or decision makers - in fact cannot make operational decisions and remain limited partners. Venture church will influence the direction of operations by hiring management firms who share in the values of Venture church.

**15. How are property re-investment/maintenance plans developed between partners in the enterprise?**

This is not a decision of the partners in the enterprise. See item number 3 above.

**16. Who manages staffing/business operations?**

A Christian based hotel management firm will operate the hotel, coffee shop and event center. A Christian based day care management firm will operate the day care.

**17. How will the decision making process work between the different entities (i.e., Venture Church) involved in the partnership?**

The General Partner (Venture Church) will make all of the decisions as to management of each of the entities and who will manage each entity. They basically will work for the partnership of which Venture will be the general partner.

**18. How can we guarantee that the staff will love as well as they have in the stories that have been told?**

BGW has management set up for the hotel, event center and nursery day care. Within this management we spend considerable effort to reinforce this specific item. Not only is it set up this way; it is monitored literally every day. The main thing needs to always remain the main thing (honoring God in all that we do).

**19. Who all is involved in this project - investment partners, leadership/executive teams? How involved in planning the project will the church be?**

At this point it is pretty much the different parts of BGW (Architects, Engineers, Sustainable and Stewardship) along with representatives of Venture church. As time goes on we will certainly expand this group in many ways throughout the course of the project and throughout the operation of the building. Most of the planning will be completed by BGW who has experience in completing over 30 million square feet of worship space and significant experience in day care, events and hotels.

**20. What about updates/upkeep of the building?**

The new partnership will be responsible for all upkeep on the building and it is taken out of operations of the properties. A “refresh” is necessary about every 7 years and will be done by setting money aside each year for that purpose.

**21. How will pre and post development be overseen? Will a board of directors be appointed from Venture or BGW or both?**

Once the land purchase has happened, we will form a new partnership of which Venture will be the General Partner. (This may be an LLC not a LLP) At that point the emphasis and costs shift over to this group, which of course is led by Venture with BGW input. How this operating entity will make decisions is still in the air and

will not be determined until the new partnership is formed. This will require legal and accounting input and input from the leaders of Venture. Venture Church attendees will have full access to this process as it goes through the development stages.

**22. How long can hotel last before a profit needs to be made?**

It is anticipated from the market studies that the hotel will be profitable within 6 months. The same is true of the day care. Operating capital will be set aside in sufficient quantity to take care of both of these items.

**23. After 10 years, who runs the LLC partners?**

The partners are actually bought out at the end of ten years, which leaves Venture as the sole owner of the LLC or LLP. It is our strong recommendation that Venture continue to have outside management continue on well into the future. Venture needs to always concentrate on its' role as a church in the community while the management companies concentrate on running businesses successfully.

**24. Do you expect start-up people to relocate to the area?**

Most of the original start up will be temporary and in a training mode. Many of them will be staying at the hotel during this start up phase, which will be 1 - 2 months.

**25. When will Venture own the hotel?**

Venture will fully own the hotel without partners at the end of a ten-year period of time.

**26. What if investors decide they want their investment back before the 10-year time frame? Or if an investor dies and his/her heirs want their \$?**

This investment is similar to any investment in an LLP or LLC. It will be fully disclosed in the information prior to anyone purchasing a unit. The interest can be sold to another person, inherited and gifted. It is not a liquid investment such as a savings account. There will be no provision for the partnership being required to buy out the investors in less than 10 years.

**27. What's next after the investment period ends? Who runs the businesses 15 years from now and what does it look like for us to own and operate these businesses?**

Venture Church will be the sole owner of the property. It is anticipated and recommended that the property always remain under professional management and not be run by the church directly.

**28. Will managers tell or dictate how we do church in the event center?**

Absolutely unequivocally not! Again, Venture is the General Partner and they control who management is and they answer to Venture church.

**29. What if there is a disagreement about some issue? Majority rules? Mediators? What "percentage," say will the church have?**

The church as General Partner has 100% say in the operation of the property and the partners do not have a say except to remove the General Partner due to some legal issue.

**30. Who runs the 3 businesses?**

Professional management will be hired to run all of the businesses. It is anticipated that these will be run by businesses that are part of the BGW network and our experienced at management of the different entities. This is not a requirement.

**31. How does the leadership of Venture have a say so/influence with the business owners (in partnership w/ decision making)? After the land is bought, does Venture still have a say in what's going on?**

Again, Venture is the decision maker as the general partner of the entire operation.

**32. When conflict comes up over the way the space is being used, how do we as a church ensure our voice is not overheard?**

Venture Church controls the management of all of the different businesses and can control these companies via the management agreement.

**33. How does the church's 50% interest regulate itself?**

The church is not necessarily getting a 50% interest. It will be determined based on the real value of the land compared to the amount of cash that is required for the additional equity required in order to put together the loans, etc. It has not been determined on how this will be regulated - but believe it should be by some sort of board composed of Biblical Entrepreneurs!

**34. When the church assumes ownership of all 3 structures, do any of them become tax-exempt?**

That is a great question of which we do not have a final answer. Generally, as long as they are producing income they would not be tax exempt. It is possible that the Day Care and the Worship area could become tax-exempt at that point but probably not the hotel.

**35. Are we going to own the hotel and coffee shop, as well as the church?**

Venture will be the general partner on all of the property including the land. Ultimately after 10 years they will own everything.

**36. How will it work if we own the land? Do we own what's on the land?**

Yes, as stated in question 24 above.

**37. What is the projected profit from the daycare/hotel?**

The final projections over a 10-year period of time will be completed in the next 30 - 45 days as part of the financial offering. We will make those available to everyone at that time.

**38. Will the hotel be paying taxes back into NC?**

Yes, the hotel, event center and day care will be paying employee taxes, hotel taxes, and property taxes.

**39. What happens if either party wants out of partnership?**

There will be no provisions for stopping the partnership in the first 10 years except for violation of laws by the general partner. (Venture)

## **How will this change our church?**

**40. What will the pastor's (David) role be once the facility is up and running? How will it change from his current role at Venture?**

We adamantly oppose the church being involved in day-to-day management of the facility. From this standpoint, David will not be changing his role. Because of the increased potential of Kingdom building with the day care, event center, hotel and coffee shop there may be a lot of changes to the staff required, protection of David so he does not get burned out etc.

**41. Are there plans to grow our staff if this blows up?**

We are assuming by blow up you are meaning that it grow significantly. In this case the staff will need to grow as this becomes more and more successful. The staff will not be involved in management however.

**42. Can the building/event center expand/grow as we grow?**

No, the building footprint will be about as large as we are capable of building it on this site. There is room to grow this ministry significantly from what it is today - easily tripling the size of Venture.

43. **If “Venture Church” becomes an entity in a contractual partnership, who is “Venture Church” if David is called to some other ministry?**  
Venture church is not David, it is an entity which would survive David if some unfortunate thing happened to David. We also believe that we should have key man insurance on David - due to his leadership in this area.
44. **What are we expecting to grow to?**  
While this is in the Lord’s hands and has many iterations of possibilities, the church could easily grow to over 1,500 on this campus.

## **How can we do this?**

45. **Are we really willing to do what is needed to financially kick this off?**  
We believe that this is well in the possibility of this church due to its’ age, current giving habits and desire to impact this community.
46. **What things can we do to increase the desire in each of us to give enough to make this work?**  
Prayer, Prayer, Prayer and listen to God as we seek His will for this project.
47. **How are we going to pay for our part?**  
Though a three year giving initiative and sacrificial giving. We are asking and leading each person to seek God and His plan for their investment in this project. It will be important for people to give what they can give now (on April 17) AND make commitments for what they can give over the next 36 months. As each person seeks God and follows His leadership, our belief is that God will provide.
48. **How are we covering the upfront cost?**  
Through the giving initiative on the purchase of the land and some of the upfront fees. (Some of those fees have been paid for from the last campaign) Most of the future costs will come from the partnership and the money that is raised in the partnership.
49. **Where is all the money going to come from?**  
Several different areas: Giving initiative, Partnership shares in the new entity (LLC or LLP) Loans to the partnership, short and long term proceeds from planned giving.
50. **How much money will this project cost?**  
We do not have a final estimate at this time. There are too many variables, which need to be processed over the next 45 days.
51. **How are we going to raise the money (\$925,000) with less than 300 adults? How do we pull off 1 million in 3 months/How do we get there?**  
It will be important for people to give what they can give now (on April 17) AND make commitments for what they can give over the next 36 months. These commitments will provide the foundation we will need to make a short-term loan on the remaining money needed to close on the property. So this may require some short term borrowing on the 3-year commitments but this is absolutely doable. This may also be supplemented with some planned giving.
52. **What is estimated commitment for Venture?**  
Purchasing the land plus the soft costs of paying for the feasibility studies and partnerships.
53. **What are the next big steps?**

- a. Completion of the planned giving / giving initiative.
- b. Creating the offering for the LLC or LLP.
- c. Bringing all partners on board of the new entity.
- d. Completion of the construction drawings.
- e. Partnering with a hotel through a franchise agreement.
- f. Short and long term borrowing from a lending institution or bonding company.
- g. Bidding.
- h. Construction.
- i. Pre-opening and opening of the facility.

**54. Are we starting at \$0, or do we have money in the bank from other attempts, like the house?**

We are not starting at \$0. We have used the money from the previous fundraising as earnest money on the land contracts that we have right now.

**55. How will God provide the funds we need immediately for the land purchase?**

Through the giving initiative, planned and perhaps short term loans based on 3 year commitments.

**56. How do we, who aren't wealthy individuals, give to this project?**

Your prayers and sacrificial giving are very much a part of what is needed. A lot of people giving small commitments add up in a big hurry.

**57. What is the drop-dead date for having \$ to exercise contracts on property?**

May 1st.

## **Will it be safe?**

**58. Given there will be a daycare on the same property as a hotel, how do you ensure safety concerns involving children?**

This is done through the design and security measures, which are part of every day care facility and required for state certification. The hotel does not create a particular concern but.... precautions are taken to insure that there will not be any issues.

**59. How will the buildings be secured? As far as the shops open to public and the hotel area open to public and the grounds? How will it be protected from predators, while the church staff and families are used to their children wandering around? It is right off 485 so there is easy access, which can be great for accessibility or bad for an "easy getaway" if there is a break-in or crime.**

Safety is of very high concern. There are many ways to keep this facility safe. Hotels are not a very big target for crime or robberies because almost all of the commerce is done with credit cards. Predators are a concern which has nothing to do with 485 and must be dealt with in every facility. Be assured that all of this will be in place with the management team we are planning on using for this facility.

**60. Day care security?**

We are very used to the security requirements for day care and operate a half dozen day cares throughout the United States. All safety and security items will be in place.

**61. What are some ways to regulate safety with the hotel and day care on the same site?**

Locked doors, alarm systems, video surveillance, check in and check out procedures.

## **How can I get more involved?**

**62. What leadership positions will be created through this project?**

Main leadership positions that will be hired locally are in the area of Hotel (Management, maintenance, housekeeping), Event Center (Manager), Coffee shop (Manager) and Nursery / Day Care (Manager)

**63. Approximately how many job openings will be available? Will church members be considered?**

The number of jobs is still being determined, however, church members will have the first priority based on skills for the specific jobs. On the job training will be available for the non-management positions. We want as many Christians as possible in these jobs.

**64. Will there be opportunities to interview for positions?**

Absolutely

**65. How can we be more involved with the process?**

Right now we are asking everyone to invest time with God in prayer and fasting using the ALL IN journal as a guide. As we all seek God and are led by him, collectively we will step into His will. Ask God how He want you to be financially committed to this process and be prepared to give a gift and a 36 month commitment on April 17

## **What's the timeframe?**

**66. When is the start and end to the building?**

Ideally, we would like to see this facility under construction before the end of the year with completion in 12 - 15 months.

## **How does this work with the community?**

**67. Besides the business opportunities, what opportunity will be there to serve the community? For example, Eastside offered rooms and help to homeless men with addiction problems. What will Venture do to reach out to the community and how can we help with the mission?**

The potential is literally endless. The event center allows significant opportunities in this area as well as day care opportunities for low-income families. The hotel would not be used the same as Eastside due to the area you are located as well as the need to keep this income producing element at the top of its' game.

**68. How many outreach opportunities will there be?**

Literally thousands each year. Tremendous opportunities in the coffee shop, hotel, event center and day care.

**69. What resources are available to the community outside of Venture?**

A place for low-income parents to have their children in Day Care / Nursery. Events will be used for fund raising activities, celebration activities, community meetings, etc.

**70. Is this hotel just for reservations? Or will it be used by interns or any church staff, or just those in need short term?**

It will primarily be used for income producing tenants although certainly used for putting up short term mission type activities, potential staff during interview times when they are from out of town and this type of use.

**71. Could and would they feed the needy and shelter the less fortunate?**

This is more than likely not a possibility except on special events like Thanksgiving, Christmas, Easter etc. There is a significant conflict with the Day Care and this use.



## What's the communication plan?

- 72. What communication process is going to be enacted to update on the money collection and status of project/stages?**

Announcements at church, text communication and emails

## How has this worked before?

- 73. Where else has this model been established and a success? Are we going to get any information on other projects like ours? Are they successful? Are they making money?**

Portions of this model are working throughout the United States. We are not aware of one location with all of these facilities. Day care are now operating in 6 locations with BGW related management. Eastside is no longer in operation due to the fire and sale. The Best Western is operated through a BGW related management and producing significant income at this time. Over \$700,000 was given to missions in Africa last year. Hub801 event center is operating in Ogden Utah as well as HUB City Coffee. Both successful and with a ministry (Genesis Project). While this concept is very new to churches we have not seen any failures and success is conditioned on good business practices, which we have been involved with for over 30 years.

## What do the market studies say?

- 1. How do we view these studies of the area?**

The hotel study has been sent to the church and the final Day Care Study should be in the church hands in the next 10 days. They will be available through David. Excerpts from these will be reprinted in the offering document for investors.

- 2. What are the specifics of market analysis that was done?**

Complete market analysis for hotel with a company that specializes in these on a national basis. Same for the Day Care study.

## Miscellaneous

- 1. Are we going to take down the water tower and if so, can the metal be recycled?**

Yes it has to be removed as part of the City agreement and the steel will be salvaged.

- 2. Will there be food served in the hotel? If so, will there be opportunities to train people, be they homeless, addicts, etc.?**

There will be limited food service. It will not be a restaurant. This food service area will be useable for serving food events for Venture also. As stated in a previous question, this will not be conducive to homeless, addicts etc. due to the conflict with day care and hotel occupants.

- 3. Who will run the coffee shop?**

This has not been determined but more than likely will be run through the management of the hotel.

- 4. Will the event center serve alcohol?**

Yes, nearly every event that will want to rent this facility will want some form of alcohol. Alcohol will be limited in all cases.

- 5. What is the set up/tear down for the children/day care space and event center?**

Very little set up and tear down for the children area since they are similar uses that will use the same layout and equipment in most cases (there will be some). The event center will have more set up and tear down and will be accommodated with paid staff.

**6. Will the event center be open to anyone that wants to rent?**

Not necessarily. Certain events will not be conducive to this particular facility and will not be allowed. Generally this is taken care of by the event center staff which will be knowledgeable in how to encourage the events we want and discourage those that are not a good fit. This must be done within the legal limits of our laws.

**7. Will there be a coffee shop on site?**

yes and a drive through.

**8. Could the hotel have a small chapel or prayer room, available for the guests and staff? Perhaps it could have a place prayer requests could be written out and prayed for by those led to do so.**

it will have a couple of small meeting rooms that will be rented out and could be used for this multi-purpose use. Prayer requests will certainly be taken in all of the different venues of this facility.

**9. Would we continue at HRHS till fully built?**

Yes - this entire facility will open relatively at the same time.

**10. What are we NOT being told?**

Great question. I believe we have told everyone everything we are aware of at this point in the project. There is no attempt to hide anything from anyone in Venture church, and there never will be. We will be setting up good communication systems, and will do our best to keep everyone informed, everyone praying and everyone up to date on this project as it progresses to completion!

**11. Will we have a place on site for baptisms?**

Yes. The current plan is to have an indoor pool as an amenity for the hotel that can also be used by the church for baptisms.