

# Committee Packet · Power Church · UA Theater

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## Power Church + UA Theater

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### Building Committee Decision Packet

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**Date:** May 5, 2026 **Audience:** Power Church Building Committee **Decision required:** Which acquisition structure to pursue + authorization for next steps

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### ONE PAGE: WHAT WE'RE ASKING THE COMMITTEE TO DECIDE

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We have an opportunity to acquire the vacant United Artists movie theater at **8275 W Amarillo Blvd**, an 83,422 sq ft fully built commercial facility that's been empty 2.5 years. The asking price is \$5.5M and the listing broker is Deeter Prater of Llano Realty.

The original new-construction plan came back at \$6.8M to \$7M for a 32,000 sq ft sanctuary. The UA Theater gives us **two and a half times the building** at a comparable all-in cost, with a full kitchen, sloped sanctuary already framed, a parking lot already paved, and infrastructure already in place. Move-in ready in 9 to 12 months instead of 24+.

**Power Church already has bank approval for \$3.8M (potentially \$4M).** This is the foundation of the acquisition path on the table — a conventional commercial mortgage from our existing lender.

We have three financing structures to consider:

1. **Scenario A — Committee Plan (Conventional Purchase, ON THE TABLE):** \$3.8M bank-approved acquisition mortgage, 20% down (\$760K from the Power Church Building Fund), \$3.04M financed at ~7% / 25-yr amortizing. Renovation paid from cash flow over time.
2. **Scenario A-Plus — Strategic Counter:** Push the seller to accept \$2M cash and let us add a separate \$2M bank construction loan for a full renovation. Delivers a fully renovated facility with lower long-term debt.
3. **Scenario C — Master Lease + Buyout (Fallback):** Lease the building during construction, exercise option to buy at \$3.8M post-construction. Walkable structure if anything goes sideways.

**Recommendation:** lead with Scenario A (the bank-approved path). Use Scenario A-Plus or C as fallback if the seller is open to creative structures.

**The single most decisive next step is a 15-minute call to Deeter Prater** asking whether the seller will entertain seller-carry or master-lease structures. The committee's decisions today are: 1. **Greenlight the bank-approved Scenario A path** (the \$3.8M mortgage we've already been pre-approved for) 2. **Authorize Pastor Manny to lead negotiations** with the seller and bank, supported by the Building Committee

## WHY THE UA THEATER (NOT THE NEW BUILD)

The original ground-up build penciled at \$6.8M to \$7M for 32,000 sq ft (Caprock quote). We were approved at roughly \$1M of bank capacity. The gap is \$5.8M to \$6M of fundraising or additional debt capacity that doesn't exist.

The UA Theater changes the equation:

	New Build	UA Theater
Square footage	32,000	83,422
Total cost	\$6.8M-\$7M	\$5.5M list + \$2M reno = \$6M-\$7.5M (negotiable to \$4M + \$2M = \$6M)
Cost per sq ft	\$213/sqft	\$72/sqft (post-reno)
Time to occupancy	24+ months	9-12 months
Anchor amenities	Build everything	Theater seating sloped floor, kitchen, parking lot, HVAC, sprinkler all in place
Resale risk	Lower (new)	Higher (special-purpose, 2.5 years vacant)
Multi-stream income capacity	Limited	High (auditorium, lobby, classrooms, kitchen all rentable)

The UA Theater is bigger, faster, cheaper per sq ft, and allows us to operate **nine independent revenue streams** that the new build cannot. The trade-off is special-purpose risk on the asset itself, which we mitigate through the 9-stream income model.

## THE THREE SCENARIOS

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### Inputs we used (flag any wrong)

- **Negotiated purchase:** \$4.0M (Scenarios A and B) or \$3.8M (Scenario C)
- **Renovation cost:** \$2.0M placeholder pending real GC bid
- **Existing church net:** \$25K/mo
- **Construction timeline:** 12 months base case
- **Bank rate:** 7.5% term, 8.0% construction IO
- **Seller carry rate:** 6.0% IO with 24-month balloon
- **Master lease rate:** \$3/sqft annual gross = \$20,856/mo

### Scenario A: \$2M Seller Carry + \$2M Bank Construction Loan

**At close:** \$0 down (best case). Seller carries \$2M IO at 6%; bank funds \$2M construction loan IO at 8%.

**During construction (12 months):** - Seller IO: \$10,000/mo - Bank IO: \$13,333/mo - Vacant-shell carrying: \$5,000/mo - SE 10th Ave existing: \$5,000/mo - **Total: \$33,333/mo** - vs \$25K church net (existing only): \$8,333/mo deficit, fixable with \$100K pre-close construction reserve OR deferred-interest carryback

**At month 13 (refi):** Permanent loan target \$4.12M. Needs \$5.49M ARV at 75% LTV. Replacement cost basis is \$7.26M minus 20-30% special-purpose discount = ARV range \$5.08M to \$5.81M. **Feasible if appraisal lands middle to top of range.**

**Permanent state:** \$4.0M at 7.5% / 25-yr = \$29,565/mo P&I + \$4K escrow = \$33K/mo PITI. With Conservative tier supplementary income (Layer 2: ~\$25K/mo additional net), total available is \$50K/mo. **Comfortable coverage.**

**Risk: MEDIUM.** Hinges on (1) seller agrees to carry, (2) appraisal clears \$5.5M, (3) supplementary income ramp begins.

### Bank Approval Status — What's Already in Place

Power Church has bank approval for a **\$3.8M acquisition loan** (potentially up to \$4M) at Amarillo National Bank (ANB). This is the foundation of the Scenario A committee plan. The bank's approval is for a conventional commercial mortgage at approximately 7% over a 25-year amortization with 20% down. The \$760K down payment is sourced entirely from the **Power Church Building Fund**, a designated capital pool the church has been building toward this acquisition. The SE 10th Ave property remains a Power Church asset and is not pledged or drawn against for this transaction.

**Internal committee note (not for the bank packet):** *The Building Committee may also choose to establish a separate Line of Credit against the SE 10th Ave property as a post-closing survival/operating cushion — independent of the down payment, and only drawn if Year-1 transition cash flow tightens beyond the church’s reserve. This is a committee-internal contingency planning matter and is intentionally not represented in the bank-facing loan packet, where the down payment is funded entirely from the Building Fund and the SE 10th Ave property remains debt-free at closing.*

For reference, an earlier exploratory analysis considered a different “term loan plus fundraiser” structure that’s no longer relevant to the active deal. The math from that exploration is shown below for completeness but is not the path forward:

- \$4M PITI on a 25-year amort at 7.5% = \$33,565/mo
- Vacant-shell + SE 10th carrying = \$10,000/mo
- Pre-reno deficit vs \$25K net = \$18,565/mo
- Required: \$1M-\$2M major-donor commitment pre-close OR concurrent sale of SE 10th Ave

The bank’s \$2M ceiling and the structural deficit eliminate this path. Moving on.

### **Scenario C: Master Lease + \$2M Construction Loan + Buyout at \$3.8M**

**At close:** \$50K-\$100K cash (lease deposit, construction loan closing, contingency).

**During construction (12 months, no rent abatement):** - Master lease: \$20,856/mo - Construction IO: \$13,333/mo - SE 10th Ave: \$5,000/mo - **Total: \$39,189/mo** - vs \$25K net: \$14,189/mo deficit

**With rent abatement during reno (the negotiation lever that makes this work):** - 6 months full abatement: \$3.8K/mo average deficit - 12 months full abatement: \$6.7K/mo SURPLUS during construction year

**At lease end (refi to permanent):** Loan target \$5.98M. Needs \$7.97M ARV at 75% LTV. **Refi gap of \$1M-\$1.5M** unless church brings pledged capital to refi closing OR appraisal lands top of range.

**Walkability advantage:** if reno overruns, congregation doesn’t grow, or appraisal disappoints, church walks from the lease without a \$4M deficiency on a special-purpose asset.

**Risk: MEDIUM-LOW operationally, MEDIUM-HIGH on refi-completion.**

### **How the supplementary income model changes everything**

The 9-stream commercial revenue model tightens DSCR coverage at every layer. Even at the conservative tier, supplementary monthly net of roughly \$25K (50% margin on \$39.5K gross commercial revenue)

doubles the church’s deployable capacity from \$25K to \$50K/mo. At moderate tier, deployable goes to \$75K-100K/mo. **Each tier de-risks the prior scenario substantially.**

Tier	Total monthly gross	Supplementary monthly net	Combined deployable net
Layer 1 (existing only)	\$100K	\$0	\$25K
Layer 2 (Conservative)	\$139.5K	~\$25K	~\$50K
Layer 3 (Moderate)	\$200K-\$300K	~\$50K-\$75K	~\$75K-\$100K
Layer 4 (Optimized)	\$300K-\$450K+	~\$100K-\$175K	~\$125K-\$200K+

For underwriting, banks typically credit only Year-0 documented income. The supplementary income is the upside case, not the base case. **This is why our recommendation leads with the structure (Scenario A) where the BASE case still works at \$25K/mo, and treats supplementary income as cushion.**

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## THE 9-STREAM REVENUE MODEL (operations team summary)

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The 88,000 sq ft (rounded; actual 83,422) facility supports nine independent commercial streams. At conservative tier, these add \$39.5K/mo of gross revenue on top of the existing \$100K/mo in tithes:

#	Stream	Conservative monthly	Moderate monthly	Strong monthly
1	Event Venue (weddings, private)	\$8,000	\$40K-\$80K	\$80K-\$125K
2	Conference & Corporate Rentals	\$8,000	\$20K-\$50K	\$50K-\$100K
3	Coffee Shop	\$8,000	\$25K-\$50K	\$50K-\$80K
4	Office & Space Leasing	\$5,000	\$10K-\$20K	\$20K-\$30K
5	Classes, Workshops & Programs	\$4,000	\$15K-\$25K	\$25K-\$40K
6	Youth & After-School Programs	\$3,000	\$10K-\$18K	\$18K-\$25K
7	Media / Studio Rentals	\$1,500	\$10K-\$18K	\$18K-\$25K
8	Merchandise & Product Sales	\$2,000	\$8K-\$15K	\$15K-\$25K
9	Core Operating Revenue (tithes)	\$100,000	\$100K+	\$150K+
	<b>Total</b>	<b>\$139,500</b>	<b>\$200K-\$300K</b>	<b>\$300K-\$450K+</b>
	<b>Annualized</b>	<b>\$1.7M</b>	<b>\$2.4M-\$3.6M</b>	<b>\$3.6M-\$5.4M+</b>

**Risk profile:** Diversification across nine independent streams insulates the church from any single-channel downturn. Weekday/weekend cycles are complementary. Industry tailwinds support every projection (US wedding industry is \$66B annual, hybrid corporate event space remains in demand, experiential coffee continues year-over-year growth).

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## OUR RECOMMENDATION TO THE COMMITTEE

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- 1. Lead with Scenario A (Seller Carry + \$2M Bank Construction).** It's the only structure where the refi exit at \$5.49M ARV is plausible against the special-purpose discount range. Construction-phase deficit is small and fixable with a \$100K pre-close reserve OR a deferred-interest carryback.

2. **Fall back to Scenario C (Master Lease + \$2M Bank Construction) if the seller declines carryback.** The master-lease-with-rent-abatement structure preserves walkability. Refi exit needs \$1M-\$1.5M of pledged capital at month 13.
3. **The single most decisive next step is a 15-minute call to Deeter Prater.** Two questions:
  - Will the seller entertain \$4M effective price with \$2M carryback IO and 24-month balloon?
  - Will the seller entertain a master lease at \$3/sqft gross with rent abatement during construction and option to buy at \$3.8M?

The seller's answer narrows the two scenarios to one and saves a week of debate.

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## WHAT WE NEED FROM THE COMMITTEE TODAY

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1. **Vote on path forward:** Greenlight the Scenario A primary path (the bank-approved \$3.8M conventional purchase). Authorize Scenarios A-Plus or C as fallback structures if the seller is open to creative terms.
2. **Authorize Pastor Manny to lead negotiations** with the seller and the bank, supported by the Building Committee. Final terms return to the committee for ratification.
3. **Authorize GC bid solicitation:** Get at least two independent theater-to-sanctuary conversion bids before committing to a renovation contractor.
4. **Approve preparation of the loan submission package** to the bank once seller terms are clarified.
5. **Approve a lead-donor outreach** to identify a \$500K-\$1M anchor gift commitment. De-risks every scenario.

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## OPEN QUESTIONS THE COMMITTEE NEEDS TO RESOLVE

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1. **Borrower entity.** Power Church 501(c)(3) directly, or a related taxable entity for the income-producing portions? Tax exemption is \$80K-\$120K/yr difference; bank product applies differently. **This is the biggest open question and should be settled today.**
2. **Bank approval clarification.** Confirm in writing the current bank approval amount and exact terms (rate, amortization, conditions). Existing approval is for \$3.8M (potentially \$4M).
3. **Power Church P&L for 2024 and 2025.** The bank will need 2-3 years of statements to finalize. Treasurer should pull these into clean format.

4. **SE 10th Ave existing campus.** Owned outright, leased, or mortgaged? Annual carrying cost? Does the committee envision selling concurrent with closing, or running both buildings during the transition?
  5. **Conflict disclosure procedures for any related-party renovation contractor.** The committee should formalize disclosure procedures and require an independent comparison bid for any renovation work where a building-committee member has a material business interest.
  6. **Capital campaign launch timing.** A formal congregation-wide campaign for \$1M-\$1.5M of construction-phase reserve and refi-cushion capital. Best to launch concurrently with the seller call so we're not asking the bank for terms we can't back with congregation commitment.
  7. **Income-stream operational requirement.** The supplementary income plan (gym, daycare, café, conference rentals, weddings, banquet, recording studio, multi-tenant office, sports facility) requires a dedicated full-time manager for each major stream to be successful. Automation can promote and advertise, but each stream needs human leadership. The committee should plan for this staffing reality before relying on supplementary income to service debt.
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## TIMELINE (proposed)

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- **Week 1 (this week):** Seller call (Deeter Prater). Borrower-entity decision. Committee ratifies path forward.
  - **Week 2:** GC bids out (two independent contractors). Capital campaign quiet phase opens.
  - **Week 3-4:** Seller responds; scenario locks. Power Church P&L assembled.
  - **Week 5-6:** Bank submission package finalized. Major-donor solicitation.
  - **Month 2:** Bank term sheet expected. Committee ratifies. LOI to seller.
  - **Month 3-4:** Due diligence, appraisal, environmental, title.
  - **Month 4-5:** Close.
  - **Month 5-17:** Renovation.
  - **Month 18:** Certificate of occupancy. Refi to permanent. Move in.
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## APPENDIX A: SUPPORTING MATH

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**Scenario A construction-phase reconciliation:** - Seller IO:  $\$2M \times 6\% / 12 = \$10,000/\text{mo}$  - Bank IO:  $\$2M \times 8\% / 12 = \$13,333/\text{mo}$  - Total interest-only:  $\$23,333/\text{mo}$  - + \$5K vacant-shell + \$5K SE 10th =  $\$33,333/\text{mo}$  - Deficit vs \$25K net =  $\$8,333/\text{mo} \times 12 \text{ mo} = \$100\text{K}$  cumulative

**Permanent loan PMT (25-year amort, 7.5%):** - \$4.0M loan: \$29,565/mo - \$5.98M loan: \$44,196/mo

**ARV thresholds at 75% LTV:** - Scenario A target: \$5.49M - Scenario C target: \$7.97M

**Replacement cost reference for special-purpose appraisal:** -  $83,422 \text{ sqft} \times \$87/\text{sqft} = \$7.26\text{M}$  - 20% special-purpose discount = \$5.81M - 30% special-purpose discount = \$5.08M

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## APPENDIX B: COMPANION DOCUMENTS

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- **Bank Submission Package:** `power-church-bank-submission-2026-05-04.md` (formal commercial loan proposal to Amarillo National Bank)
  - **Seller Pitch:** `power-church-seller-pitch-2026-05-04.md` (warm letter to Deeter Prater + 1-page deal terms)
  - **Pro Forma Detail:** `power-church-ua-theater-proforma-2026-05-04.md` (full sensitivity tables, full math)
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**To God be the glory. We can do this.**