EASTLAKE COMMUNITY CHURCH

MAY 1, 2017

CLIENT PROFILE
EastLake Community Church is a growing, 25 year old evangelical ministry headquartered in Chula Vista, California. Lead Pastor Mike Meeks has served as EastLake’s pastor since 1997, and average weekly worship attendance under Pastor Meeks’ leadership has grown from 450 to more than 6,000 today. The church operates six campuses in Southern California, and provides ministry support to two others in Tijuana, Mexico and Salt Lake City, Utah.

In late 2015, the church and Ziegler began discussions around possible solutions to achieve reductions in debt service cost. At that time, the church owed approximately $14.5 million on two notes. The larger of those two notes was paired with an interest rate swap agreement, which was, in the then-current rate environment, “out of the money” – meaning that the fixed interest rate on the swap was considerably higher than the market rates at the time. However, terminating the swap agreement would impose significant costs on the church, which presented a major constraint to refinancing the debt.

After analyzing the church’s financial situation and objectives, Ziegler’s lead banker advised that a properly structured and well-timed transaction could produce real savings for the church, even after considering the swap termination costs. The church engaged Ziegler as loan placement agent to solicit bank proposals and assist with negotiations and loan closing.

THE ZIEGLER DIFFERENCE
Ziegler created a request for proposals and solicited more than 20 banks, working directly with the bank loan officers involved to help them understand the request and produce acceptable proposals. A number of favorable proposals were received and evaluated. With those options to consider, Ziegler then approached the church’s existing bank for its proposal.

In the end, the church’s existing bank proposed the best refinancing structure – one that included significantly lower interest rates, with an amendment and extension of the interest rate swap agreement. Projected cash flow savings over the term of the new loan structure exceed $2 million, and there were no swap termination costs.

In addition, the church will be able to accelerate debt reduction without impact to its planned budget and without changing any banking arrangements. The church accepted the proposal and the new loans closed in May 2017.

“Working with Ziegler provided us with leverage to negotiate with banks for our best deal. The substantial savings generated by our refinancing will positively impact EastLake for years to come.”

Laura Randall
Director of Business
EastLake Church

This client’s experience may not be representative of the experience of other clients, nor is it indicative of future performance or success.