

St. Chad's Building Committee 3
Meeting # 35
November 9, 2008
Revised 11/12/2008

Attendees: Paul Apodaca, Susan Carson, Bob Gough, John Kaltenbach, Debra Kincaid, Jan Kingsbury, Rich Lehoucq, Eileen Simpson, Richard Simpson, Don Smiset (guest), and Father Brian Winter

Members Absent: Merri Jean Jones and Bo Keith

Handouts provided prior to the meeting:

Agenda

Handouts provided at meeting:

Building Fund Financial Report as of 10/31/2008

Untitled spreadsheet depicting debt service payment schedule

1. Bob Gough, Chair, opened the meeting and led the prayer. He thanked Richard Simpson for sending out today's agenda and making arrangements to swap meeting dates with the Vestry.
2. There were no changes to the agenda as presented.
3. Richard Simpson moved the minutes of the October 19 meeting be approved. Susan Carson seconded the motion, which was passed unanimously.
4. Paul Apodaca presented the October 31 Financial Report. He stated that a check for \$10,000 was received in the offering today, representing payment of one 2008 pledge. Paul has been in contact with the Treasurer, Paul Balmer, who is still working to clear up pledge questions. The building fund balance of \$154,478.75 does not include either of the two separately donated gifts; a painting and stock. Projected pledge receipts are \$546,221.50. Paul noted that three to five families have moved which may result in reduced pledges.
5. Next Steps for BC3.
 - a. Financial Plan.

Richard Simpson reported that Debra Kincaid, Susan Carson, and he had met to study projected finances. The assumptions, based on the results of the October 19 BC3 meeting, were that the building project could proceed if we went with a one million dollar reduced-design that included a sanctuary and restrooms. Half of the cost would be covered by the pledges and the remaining half would be covered by a commercial loan. Richard presented a spreadsheet showing the projected debt service payments.

The spreadsheet assumptions included \$0 in bonds, a 20 year loan of \$550K with 6.50% interest rate, 8% growth in attendance and operating fund pledges, 4% growth in plate revenue, 4% growth in staff expenses, and 3% growth in maintenance/administrative/programs/outreach expenses. The spreadsheet indicated that there would be no years with a negative cumulative surplus/loss. It was noted that the key assumption was 2009 operating fund pledges reaching \$283,402. As of today, the 2009 pledge total is approximately \$227,000. With a shortage of over \$56,000, covering the debt service is very questionable.

Father Brian stated that the office has recently been notified that staff health insurance has gone up 24%. There may be other expenses of which we have no control that will rise.

It was noted that the 2009 pledged amount to the operating fund is key to the building program, in relationship to the amount of debt service that can be handled by the operating fund. Debra Kincaid, Stewardship Chairman, stated that not all pledge cards have been returned. Debra has studied pledges from the past four years. She noted that there is an erratic pledge history and no trend can be deduced. Debra stated that during follow-up to the campaign, the Stewardship Committee noted that some parishioners had moved from St. Chad, some parishioners are in financial situations where they cannot pledge this year, and others have not gotten around to turning in their pledge cards. The economy and building fund pledges may have played a role in the low operating fund pledges totals. Father Brian stated

that to date, 2008 operating fund pledge payments are on track, which is not true for every church in the Diocese.

Interest rates are historically low at this time, but may be difficult to obtain. Debra Kincaid stated that bank loans to non-profits are on a five year call, at which time the interest rate could easily change. Bob Gough listed the advantages to building now: building costs are lower, an expanded sanctuary allows for congregational growth, and pushes the psychological momentum. It was questioned as to the message the Building Committee would be sending if we go ahead and build now when the economy is having problems and operating fund pledges are down.

Bob Gough explained that he has tried other debt scenarios, including a bond package. Without a projected growth in pledges, a bond program does not change things.

Rich Lehoucq suggested that even though now is not the time because of the economy and the numbers, if we received large pledges/gifts of \$200 – 300K, the Building Committee should be ready to move forward with the building the reduced design. It was expressed by several of the committee; the parish should be informed about the reduced stewardship pledges, which in turn will reduce the church programs. It was generally agreed that the key factor is restoring pledges to the 2009 operating fund. If St. Chad cannot meet the needs of its programs, we cannot add mortgage payments to the budget. The operating budget is presented at the January Vestry meeting; therefore financial information should be available within three to four weeks.

Bob Gough indicated that Bill Fanning affirmed steel costs are down 25% and other costs are down as well. Bob stated there are four factors at play: 1. the feasibility of building with \$1 million is positive, 2. the state of pledges to the building fund is acceptable at just over \$500K, 3. the state of the pledges to the 2009 operating fund is a negative, and 4. the state of the economy is at least psychologically a negative. Jan Kingsbury commented that we desire the 2008 building fund pledges be paid, however it may be difficult for some. We want to keep the vision out in front and wish to move forward when the time is right.

b. Recommendation to Vestry.

Jan Kingsbury moved the BC3 recommend to the Vestry: “A scaled down plan consisting of the sanctuary and restrooms, costing approximately \$1 million, is achievable and could meet the basic needs of the Small Group Gathering results. With the current building fund pledges, it would require approximately a \$500,000 loan. Current Stewardship pledges will not allow payment of debt service loans. For the time being, BC3 will put the building program on hiatus but continue to address this on a regular basis.” John Kaltenbach seconded the motion, which passed unanimously.

c. Architect’s conceptual design.

It was suggested we communicate Bill Fanning’s reduced-plan design to the congregation when it becomes available.

d. Reporting to parishioners.

Bob Gough agreed to write a draft of the formal recommendation to the Vestry and send to all BC3. Following the Vestry meeting, Bob will also draft an article for the December issue of *The View*, which comes out on Sunday, November 30. That day, Merri Jean Jones, Senior Warden, can make an announcement to the parish at both services regarding the issues and decisions. Bob Gough requested the Building Program be inserted into the agenda at the Annual Parish Meeting.

6. Other Old Business.

a. Infrastructure status.

Richard Simpson reported that Don Jones sent an email to the attorney for Albuquerque Bernalillo County Water Utility Authority; sending questions regarding their grounds for jurisdiction west of Tramway in North Albuquerque Acres, without referencing St. Chad. Richard indicated there currently is no urgency in the jurisdiction issue because the water well has been repaired and building is not imminent.

b. Other.

There was no other old business.

7. New Business. There was no new business.

8. The date of the next BC3 meeting is to be determined. Several BC3 members, including Paul Apodaca, will meet after the total 2009 operating fund pledge amount has been finalized. Paul Apodaca indicated he would email any updated Financial Reports.

Bob Gough requested that Richard Simpson and he meet with Bill Fanning to discuss the reduced scope design, obtaining assurances that restrooms could be added to just the sanctuary for about one million dollars.

New Action Items

AI 35-1. Bob Gough – Draft the formal recommendation to the Vestry and email to all BC3.

AI 35-2. Bob Gough – Meet with Bill Fanning and Richard Simpson to discuss the reduced scope design.

Respectfully submitted,

Eileen Simpson

11/10/2008

Revised 11/12/2008