

## Vestry Meeting – February 28, 2017

The meeting was convened at 5:00 PM.

**Attending:** Harrison McLeod (Rector), Bern Mebane (Senior Warden), Dena Benedict (Junior Warden), Jim Baumgardner, Lauren Briles, Cotton Clarke, Bill Kehl, Chris Klasing (Assistant Treasurer), Kevin Mertens, Bryant Nixon, Ben Norwood, Louise Oxner, Chuck Reichert, Lizzy Sterling, Betty Teague, Brent Williams.

**Absent:** Chris Cunningham, Dan Seaman

### **Special Report: HIStory Lives Finances**

Bryant Nixon brought to the group a report on the financial state of the HIStory Lives Restoration Project. He had created a list of all the items which should be paid for under this project, and reviewed for the Vestry the costs for Harper, Garvin and other professional services already under contract and previously approved by the Vestry. The total for the committed costs is \$7.2 million.

Bryant then reviewed a list of additional items not yet contracted plus the contingency, which totals \$9.4 million, which includes items outside the original budget. This number is not truly meaningful because it includes items which may not be part of the final project.

The total amount of funds available for the project is \$8 million, which was pledged through the 2016 capital campaign. Anticipated payments from the Endowment for the Chapel, donors for the organ, stained glass window and carillon are included in the committed costs. This gives us a total available amount of \$8.4 million, give or take a few hundred dollars.

After consultation with Jackson Hughes (who is serving as the volunteer Owner's Representative Project Manager for the Harper contract) and others on the Restoration Project Committee, the committee's assumption is that \$500,000 should be reserved as contingency funds. Bryant is proposing new "placeholder" budgets for items not yet contracted. These include lighting, sound and video systems and the logistics of organ console coordination.

Stained Glass Windows: the full amount approved by the Vestry in January (\$975,000) includes costs not itemized in the Femenella contract, such as scaffolding, that total around \$221,000. The final cost for scaffolding will depend if Femenella is able to use some of the scaffolding that Harper has already built. (The original amount designated for stained glass windows in the Harper contract has been removed since we have chosen to contract with another vendor.)

Included in the HIStory Lives budget are a couple of items such as the fundraising consultant for the campaign and the financing costs. These may not be appropriate expenses to stay in the project budget.

Chris Klasing, Assistant Treasurer, reviewed the HIStory Lives budget from a cash flow vantage point, as funds received to date and more are spent before the pledge period expires in 2019. It appears that the line of credit needed will max at around \$2 million (which could be needed by May or June) and will be paid off at the end of the campaign in 2019.

Harrison reflected on the homework on estimates of church restoration done before the capital campaign began and the priorities identified by the parish. First priority is restoration of the church and the second was debt reduction. As the project proceeds, the choices related to the restoration, made for

good reasons, have encroached on the total sum of \$8 million from the capital campaign. He anticipated questions related to the amount available to pay down the debt and the decision to hire Femenella. He reminded the Vestry that every dollar we spend out of the contingency is a dollar we don't have to pay down our debt. Total debt at this time is approximately \$2.24 million at this time. He also pointed out that Chris Klasing has informed us that the principal payments on the existing loan have been charged to History Lives since early 2015. Since then, we have paid down the existing loan by \$103,000 from History Lives funds, and will have paid down about \$334,000 of the existing loan principal by the time the History Lives campaign ends at the end of 2019.

The water line trench for the sprinkler system was completed today without any complications and no need to use contingency funds. The southeast quadrant of the roof has had the shingles removed and has been sealed – the encouraging word is that since nothing unexpected has been found, the likelihood of finding problems in the other three fourths of the roof has diminished.

The parish will be updated soon on the current status of the project.

Bryant will continue to update the Vestry each month on the project budget. Appreciation for his time and efforts was expressed by the Vestry.

### **Treasurer's Report**

Monthly Report: Chris Klasing presented the monthly report and said the year is off to a good start.

2017 Revised Budget: Since the AG goal was exceeded by \$160,000, the Finance Committee brought a motion, not requiring a second, to revise the budget accordingly. He reviewed the changes in the budget to include funds for items removed from the original budget. These include staffing for unfilled positions. The Vestry voted unanimously to approve, none were opposed. The motion carried.

Debt: About \$191,000 has been paid on the original debt of \$2.43 million. The \$2.24 million remaining debt matured today. TD has extended this by a few days to allow the Vestry to vote on the refinancing proposal from the Finance Committee. The proposal is to take out another loan to replace the balloon payment due today. Terms are a fixed 3.5% interest rate for \$2.25 million over the next five years, with a 20-year amortization and covenants remaining the same as the original loan. Closing is set for Friday, March 3, 2017. Fee is only \$1,000. The Finance Committee presented the motion to refinance the existing loan with TD bank and resolves that, under the terms of the 2017 Corporate Resolution, Senior Warden Bern Mebane and Treasurer Dan Seaman and/or Assistant Treasurer Chris Klasing are authorized to sign the loan. Coming from the committee, no second was required. The motion carried, none were opposed. All Vestry members voted in favor, none were opposed. The motion carried.

Financing for HIStory Lives Project: The estimate is that the church will need to draw \$2 million on the line of credit, with the timing dependent on how much pledged money comes in before additional funds are required. Christ Church is authorized to borrow up to \$3.5 million at an interest rate of 3.5%. The closing for a four year loan is set for Friday, March 3, 2017, with \$3,000 in fees. Chris advised that we expect to pay about \$90,000 from History Lives funds for interest on the construction line of credit. The Finance Committee presented the motion to enter into a line of credit agreement with TD bank and resolves that, under the terms of the 2017 Corporate Resolution, Senior Warden Bern Mebane and Treasurer Dan Seaman and/or Assistant Treasurer Chris Klasing are authorized to sign for

the line of credit. Coming from the committee, no second was required. All Vestry members voted in favor, none were opposed. The motion carried.

Jasmine Road House Financing Update: At the December meeting, financing was approved for the Jasmine Road project. The closing is set for Friday, March 3, 2017. Vestry member Cotton Clarke moved that the Jasmine Road project will enter into a financing agreement up to \$300,000 for a three year loan with TD Bank, at an interest rate of 3.5% with \$500 in fees, and resolves that, under the terms of the 2017 Corporate Resolution, Senior Warden Bern Mebane and Treasurer Dan Seaman and/or Assistant Treasurer Chris Klasing are authorized to sign on behalf of Christ Church. Vestry member Lauren Briles seconded the motion. All Vestry members voted in favor, none were opposed. The motion carried.

The Annual Parochial Report: Data has been approved and compiled by Business Administrator Larry Pope and Registrar Jerry Cavan for this annual report for the Diocese and National Church. Betty Teague made a motion to approve the 2016 Parochial Report, and Ben Norwood seconded it. All Vestry members voted in favor, none were opposed. The motion carried.

### **January Minutes**

The January 28, 2017, Vestry Meeting minutes were distributed prior to the meeting by email. A motion to accept the minutes was made by Brent Williams and seconded by Chuck Reichert. All Vestry members voted in favor, none were opposed. The motion carried.

### **Rector's Report**

Harrison reported that he and several members of the staff executive team, as well as Wardens Bern Mebane and Dena Benedict, attended the Consortium of Endowed Episcopal Parishes' Conference in Washington, DC, last week. Harrison commented that, at this annual conference, he is always reminded how blessed and vibrant Christ Church is compared to so many other churches. Dena and Bern remarked that they thought it was a worthwhile trip.

Harrison said that he continues to interview candidates, including young adults, for associate priest positions.

Ministry Area Report revision will take place by April. We are asking the executive staff to complete these reports in collaboration with their Vestry reps. The reports will be more concise and easily digestible so Vestry and the parish will be more fully informed on all ministry areas. These reports will be due to Harrison's assistant, Rose Cuddy, the Tuesday before the Vestry meeting. Staff departments will also begin to attend Vestry meetings beginning in April.

### **Senior Warden's Report**

Bern reported on the number of meetings that he and Dena have attended to get up to date as they begin their terms as Senior and Junior Wardens.

### **Junior Warden's Report**

Dena thanked the Vestry for responding to the survey regarding the Vestry Retreat, and remarked that it's not too late to send along your comments. She also commented on the staff expressing appreciation for the Vestry members' engagement at events, such as the Oyster Roast.

## **Departmental Reports**

Pre-submitted Ministry Area reports were sent via email to the Vestry in advance.

Resource Development: Cotton reported that he, Dena and Harrison recently met with Resource Development Director Lauren Sigmon as she begins the work of creating a year round committee and identifying people to appoint to that committee.

## **New Business**

Carillon: The cost for an electronic carillon is approximately \$20,000 for which we have a donor. It is a standalone system and would not be tied into the church sound system. Harrison asks for the Vestry to approve the Memorial Committee's work on this project since it involves a change to the campus. Kevin Mertens made the motion for Christ Church to proceed with the installation of the carillon, and Cotton Clarke seconded. The floor was opened to discussion. Comments included that the church does have one physical bell, but does not have the room or structure to support a physical carillon of 28 bells, so the electronic carillon is our option. All Vestry members voted in favor, none were opposed. The motion carried.

## **Adjournment**

The meeting was adjourned at 6:41 PM.

Rose Cuddy, Recorder