

Glen Mar UMC
Church Conference Minutes
March 25th, 2008

The Glen Mar leadership requested that a Church Conference be convened in order to obtain congregational approval to authorized the Trustees to borrow funds necessary to fund the Phase 2 construction on the New Cut Site. This Church Conference was called coincident with the regularly schedule Church Council meeting.

Reverend David Argo, District Superintendent attended to chair this Church Conference.

The meeting convened at 7:37PM with Andy introducing Reverend Argo and Reverend Argo who led with a prayer. Reverend Argo then introduced Phil Enstice to present the motion and background information.

[The PowerPoint Presentation Goes Along with these minutes]

The motion presented by Phil Enstice:

That the Trustees of Glen Mar UMC be authorized to borrow up to \$3.6M to fund the construction of Phase 2 for offices and education facilities. The Trustees will execute an appropriate loan in consultation with the Building and Finance Teams.

Al Hammer described the Phase I building plans, and what it does and does not provide.

Phil discussed the benefits for Phase 2 (see PowerPoint)

- Expense savings in operating budget (details)
 - Staffing for janitorial services.
 - Maintenance/Utilities.
 - \$20K/month lease from SOFCC
- Intangibles like the congregation being more unified.

Rob Niccolini: The Preschool lease runs until 2009, we do have an extension for 2009-2010. Nothing beyond that is currently available.

Al described the building layouts for Phase II.

- Additional 22,000 sq feet. Bringing the total project to about 55,000 sq feet, which is double what we have now.
- Rob: one of the obvious things – there are two levels for phase 2, there used to be 3 levels. Most of the changes are being driven by costs.

Phil continued by discussing the building costs, loan costs and funding and the schedule:

- The Building Team asked Oak to give us a reliable a cost estimate. This value was presented as the cost. Details are available from the Building Team.
- Both the Phase I and Phase 2 building and loan costs were presented in order to describe the whole picture.
- Loan costs are: \$6.5M for Phase I, we should be locking the interest rate in this summer. Loan costs have fallen some recently, so this has helped.
- Funding: depends on how successful we will be in the next capital campaign.
- We have made some assumptions, which if reasonably accurate, we feel confident that we can proceed with Phase 2.
- Phil noted that we have a lot of equity in the Phase I (in part due to \$5M from sale of GM)
- Funding is based upon projecting a \$3M capital campaign over 3 years.
- Building schedule: Oak Contracting estimates that it will be less than one year construction time because most of the site work is already complete and the building is a very simple structure.
- Phil mentioned that the finance/building team is examining if there may be a cost saving to move offices this summer into trailers for \$550/month.

The meeting was opened for general discussion

Q: What was original estimate of Phase 1? Why do we think Phase 2 will be better?

Phil: Phase I had a lot of unexpected delays. Phase 2 is much closer to get started. Current architect is Charles Alexander.

Al: Oak has given us this estimate and has built in an inflation factor geared for a fall start.

Q: Is our current congregation going to be able to support this financing?

Phil: we expect to do this with the current congregation. Also, new members do not contribute much to an existing capital campaign. If we don't have a successful capital campaign, we probably won't get the loan, so won't be able to proceed with this Phase.

Al: we have leeway in all 3 variables. Our goal of \$1M/year is somewhat flexible, in that we will examine the 3 variables to adjust them based upon the real final costs and funds.

Andy: we are giving the finance and building team flexibility, but the price on his beard is \$3M.

Q: What is the reason for a 25-year mortgage?

Phil: 25 years is standard.

Q: Is there any flexibility?

Phil: This is pretty much set because of the fixed rate in June.

Phil: We are talking to the bank about some different interest rate loans and vehicles.

Q: Will any fees defray the cost?

Phil: It would be great if it happens but we are not counting on it as a driving factor.

Q: Portable Buildings?

Phil: we are looking at that for the offices,

Al: we can't do it for the pre-schools due to State Codes for Preschools.

Q: Will moving the offices reduce the lease?

Phil: we are contractually obligated for the \$20K.

Q: What will happen to the Office equipment if Preschool stays in current facilities and offices move to new site?

Al: We will be working out those logistics with the Preschool Board.

Q: What about the selling the annex?

Al: We will be looking at that carefully. Building Team delayed selling it until we knew more about the building of Phase II. We needed to keep it for use at this time.

Q: So if we move the offices, we are paying \$20K/month for the preschool?

Al: The intent would be to ask SOFCC to renegotiate.

Rob: we don't want to make it sound like we are planning to try to get out of the lease. Our plans and the figures are based upon continuing to pay the lease.

Al: the lease payment is still in the budget. It is under the capital campaign budget.

Q: what are the construction costs to date for Phase I?

Phil: ~\$8M, including grading, site work and including ~\$1.75M for the land.

Q: Have we considered asking county for a variance for the pre-school for a year?

Al: Codes that govern Preschool are a State and County issue. Building Team can not answer for pre-school. They have all of this information and are prepared with several optional courses of actions based upon what happens tonight?

Rob: we may be slightly out of variance here which is normally grandfathered in, but over there it is way out of the ballpark and since it is new construction we would not have a similar break, so it is simply not an option to consider.

Q: Phase 2 funding will be from where?

Phil: the capital campaign.

The motion (without amendment) was called for a vote:

That the Trustees of Glen Mar UMC be authorized to borrow up to \$3.6M to fund the construction of Phase 2 for offices and education facilities. The Trustees will execute an appropriate loan in consultation with the Building and Finance Teams.

**Vote Results: 83 For / 3 Against
Motion Passed**

Rev Argo presented the results. Rev Argo shared that on the following day he will be going to South Korea as a representative of the B/W Conference at the South Korea Methodist Conference.

Gail Carter closed with prayer.

Meeting was adjourned at 8:40pm.

Ken Harkness
Recording Secretary

Al Hammer