

Glen Mar UMC

Church Council Interim Meeting Minutes

Nov 15, 2008

Glen Lauber called the meeting to order at 7:30pm.
32 members. + 1 architect reps.

Purpose of this Meeting

The primary purpose of this meeting was to facilitate discussion on three important agenda items which will require council action in December. These items are

- The Approval of a revised Phase II Building Plan and associated financing
- The 2009 Budget
- A Proposal Concerning Dispensation of the Preschool

There will be no votes conducted at this meeting.
30 minutes of conversation on each proposal.

As Council Facilitator, Glen has been experimenting with how to get information out to council members ahead of time. The Council Leadership Team recognizing that these topics were going to generate a lot of discussion, concluded that this additional meeting was necessary to conduct the necessary discussion and to make sure that the information and the discussion were available to all council members before the December meeting.

Glen also requested that anyone who has any additional proposals or suggestions for the council write these down and email them to the council leadership for consideration and possible inclusion in December.

Opening Devotion

Glen invited D.C. Veale to read scripture: Matthew 25:31-end and then invited open discussion on the scripture. What is Jesus trying to teach us? Live in anticipation. Leave it all in the field. Live your faith out now.

Debbie Meyer continued with a prayer.

Phase II Building Proposal and Financing

Dan Kagey presented an overview (with handout) and introduced the other members of the building team present: Susan Boucher, Cele Beck, Jeff Carter, Rob Niccolini.

Dan introduced a guest, Phyllis Cook, representing the architectural firm.

Summary of Activities

- the building team had rejected a Phase II bid from Oak because it was too high.
- the building team obtained bids from 5 vendors based upon a consistent design criterion
 - BASE: a “minimum 2-floor construction cost”
 - A1: an addition for nursery renovations
 - A2: an addition for cabinetry above waist level
 - A3: an addition of low voltage services (security/data/comm/av)
 - A4: a subtraction in which the bottom floor was left unfinished.
 - § (the primary focus of the bottom floor is for offices, the top for classrooms)
 - § The building team determined that at minimum we have to have 7 more classrooms and these are provided on the second floor.
- Financial details’ summary
 - Final closeout cost of Phase I is almost complete.
 - We have the Capital Campaign Totals.

- We have the vendor bids.
- The costs associated with the low bid for each of the options was provided in the handout.
- Note: we have not made a formal commitment to any of the bidders, so this information is still confidential.
- The construction period is expected to be 10 months. We can start the process as soon as we get the funding (so after December 2nd.)
- Phil Enstice has already begun negotiations with the bank for the additional loan.
- Probably the earliest that construction could start is early February so expect earliest occupancy in January 2009.

Cost Summaries

- Phase I estimate is ~\$6.5M (Loan Value)
 - (note the actual loan was \$6.75M, but \$250K is available in escrow)
- Capital Campaign \$2.1M
- “All in” Bid (Base + A1,A2,A3) = \$2.98M
 - this is not our total cost, this is the cost to the contractor of the best bid.
- Phase II all the loan costs will be ~3.3M
- The total debt service (Phase I & Phase II) will be \$10.1M.
 - Dan noted that \$10.1M was what was approved originally.

Financial Details

Rob Nicollini presented the detailed numbers on the debt service (monthly mortgage payments) on the \$10.1M loan. A set of electronic attachments are provided.

- We still have \$0.25M in escrow from the original loan.
- We have not figured in the Special Tax-Exempt Loan, which will hopefully better.
- He presented capital campaign commitments and the payments.
- Escrow shows lease payments. This may be addressed separately.
- We are also planning to sell the Annex.
- The numbers provided include the initiation costs of the loans.

There was a question about all of the bids, and why the bid was chosen?

- the 3 lowest bids were all within about \$75K.
- Low bid \$2.980. next highest was \$3.035. highest of the 3: \$3.070
- All contractors are local.
- Phyllis noted that her firm has dealt with all three of these companies and is familiar with the quality of their construction.

Discussion

There was a question about putting the escrow in a money market. The discussion showed that this would provide very little help.

Margaret Precht presented a concern about the Phase II design having “lost” a desired space.

Dan replied that this was one of the design considerations value-engineered out prior to obtaining the bids.

Glen asked Margaret to write up a rejustification for these assets and present it to the Leadership Team.

Margaret also noted that we have found out a lot about the personality of the current building, and we don't have a good place for private meeting.

Dan suggested that perhaps the community room could be used for this if the nursery gets built and the choir moves upstairs.

Margaret and Donna are worried because cuts seem to affect the Ch and Fam Ministry. We need to get into the new space, too.

Preschool Proposal

8:25pm Lauren Bauer presented a recommendation by the PreSchool Board regarding the status of the preschool for the 2009-2010 school year. The complete proposal is provided in a separate attachment.

Summary

- The Pre-School has been paying the lease to SOFCC out of its savings for the past year (\$12K/month).
- The Pre-School does not have sufficient funds to continue this payment for the additional year necessary while the Phase II building plan is enacted.
- The 2009 GlenMar operating fund does not have sufficient funds to cover this payment either.
- Therefore the Pre-School board proposes to suspend the pre-school operations at the end of the '08-'09 school year until a time when we know the education building would be available. The hope, of course, is that this would only be for the '09-'10 year.
- During this interim, the Pre-School board would continue to meet and consider how to evolve/remodel/reconstitute the pre-school program. To modernize the practices and resources. Glen noted that the Leadership Team recommended doing this.
- It is important to complete the approval of this proposal at the December meeting in order to have time to allow parents to search for other options. Registration would be in January.

Discussion

Dan Kagey noted that we renegotiated the lease with SOFCC down to \$12K from \$20K. We have to realize that we didn't have to get the reduction from SOFCC. In some respect, seems like it was GM's responsibility to pay this lease, not the pre-school.

Another participant noted that nothing about Phase I went on time. Why do we think Phase II will be only 10 months.

Question: Could you stay for an additional 6 months?

Answer: The PreSchool does not have the money. Also, the board felt that there were too many uncertainties with the Phase II site availability.

Dan Kagey noted that the 1-year optional lease with SOFCC (which would cover the '09-'10 school year is a 1-year lease with 6-month options, so the cost would be at minimum, 6 months (\$72K).

We don't feel we have the information that we "might" be in new site, we might not.... Too many uncertainties.

The current NewCut site does not meet codes for a pre-school. The Phase II plans will, assuming 16 children per classroom.

Lauren elaborated on some of the PreSchool board "remodelling" considerations PreSchool

- Looking at programming (pre-school and day-care or 501-3C).
- Looking at more fiscally responsible approaches.
- Becoming an accredited school.
- Having a year off will allow us to put a lot of other things into place. As grew over the past 30 years, have not attended to a number of liabilities associated with growth of program (finance, associate director, etc).

Lauren noted that the most painful part of this are that there are people and jobs that will be affected or lost by this decision.

Jeff Carter noted budget will have minimal growth for '09. There is no room to pay for the preschool.

Ken Harkness asked if we could put before the congregation for a "special contribution".

Glen noted that this was not really a consideration at this time; also, there are already some needs for a special contribution to cover 2008 apportionments; Margaret noted that the preschool statement of reconstitution seems like a great plan.

Dan Kagey asked what we think the preschool market will be in Aug 2010? Someone else noted that by 2014 there will be mandatory pre-K in Howard County and HC might be incorporating this sooner. Lauren noted that one of the reasons to look into the 501-3C is that HC might pay GM for 20 slots in the preschool in order to meet this requirement.

Really feel this is the option best for the church at this time.

Glen: need to let the preschool board and council communicate this in the right way. Don't let this out.

Budget '09

8:54pm Jeff Carter presented the '09 Budget information. The budget details are attachments.

Summary

- Pledge Campaign got us to 95% of the projected '09 budget.
- Historically 97% of pledged comes in. Jeff's projects assumed 95%.
- Also assumed unpledged contributions will remain flat. These are from people who give regularly without making pledge commitment.
- Some good news is that conference apportionment dropped from the expected \$250K down to \$194K due to the conference allowing the lease payments to SOFCC to be assessed as capital funds rather than operating.
- For '09 budget, all of the ministries were requested to reduced budget by 20%.
- The SPRC budgeted a 1% merit raise to staff. This was approved at Charge Conference.

Discussion

Cele Beck: How did we assume salary for the new pastor next year?

The incoming pastor is compensated at same rate. Ken noted that this had also been confirmed by the District Superintendent during the Charge Conference.

Travis Dunbar: For 2008 why is the amount of outflow in apportionments was more than budgeted?

Jeff said that we are expecting to play the \$186 for 2008, but in January we also paid an additional 2 months that had remained unpaid from 2007.

More on the 2008 apportionments

- apportionments for this year we are \$120K behind.
- There is an assumption that we will pay all these apportionments. Would be short \$110K. How do we get us out of this hole?
- Andy noted that we will be sending out a special letter around Thanksgiving for a special giving Sunday in December.
- Andy has been successful at reaching out to a congregation member of \$53K matching gift.
- Several members have already pledged \$1K each to get this started.
- Note also that it is possible that not paying could affect who the bishop appoints and also the appointee's desire to work here.
- There is an excellent article in messenger on apportionments by Jeff Carter.

Cele commended the Finance Team on a realistic '09 budget. Hopefully we will see growth and this will be behind us.

Van Beale asked how many giving units are there and are patterns emerging?

Jeff could not answer this right now, though we had more pledges in the last campaign. However, attendance is starting to move dramatically. Finally we were hit hard this year with moving in and delays and the economy and additional Trustee-related expenses associated with the larger facility.

Margaret expressed a concern that we reconsider the hours for custodial staff. One thing we learned from SOFCC is that we didn't really take care of our site. It seems unrealistic to assume that the 3 hours more budgeted at this new property will be sufficient.

Conclusion

Glen requested that Ken obtain soft copies of handouts and minutes and send them out to the council this weekend.

Glen asked everyone to remember to get your questions out soon so we can share them before the meeting.

Thanks to Lauren, Louise, Dan, Rob, Jeff for their very hard work.

Thanks to all for coming out to this meeting tonight and for your participation on December 2nd.

Dottie Byers closed with prayer.

Glen adjourned the meeting at 9:35pm.

