

## **Special Meeting, June 25, 2006 Description of the Articles**

The articles in this Special Meeting address two issues:

- Article I: The contract for the proposed building project, including life safety work and enhancements.
- Article II: The financing of that contract.

We will vote on each article separately; **HOWEVER**, the articles are interdependent.

If you want the building project done this summer, you must vote **YES** on both articles.

If you want to delay the building project until a future date, vote **NO** on either article.

### ***ARTICLE I:***

We have already contracted and begun much of the restoration work on the Meetinghouse as described in the Project Scope document. This new contract covers the remaining restoration work, life safety, and enhancements.

A **YES** vote on Article I means that you will entrust the Board's review of the finances and final cost estimates and empower them to sign a contract for the proposed building project. (Article II addresses **HOW** we will pay for the contract.)

A **NO** vote on Article I means that you do **NOT** give the Board your OK to sign the contract for the proposed building project.

### ***ARTICLE II:***

**Amendment Article II:** To authorize the Board of Trustees to obtain financing to fund the remainder of the project up to an amount not to exceed \$550,000 which may include a combination of a 2-3 year short term loan, from other funding sources and the investment reserves, to be repaid as Capital Campaign pledges are received.

A **YES** vote on Article II means that you give the Board your OK to obtain up to \$550,000 in financing to pay for the proposed building project. You entrust the Board to determine the best financial option(s).

A **NO** vote on Article II means that you do not want the Board to pursue any additional financing. All work must be phased and paid for from cash in hand.

### ***Board of Trustees Recommendation:***

Article I Vote = Yes

Article II (as amended) Vote = Yes

## ***Discussion from the Board of Trustees:***

### **Timeline - what have we already approved:**

- October 5, 2003 –Jerry King from the UUA hired as a consultant.
- February 8, 2004 – Authorization to begin the feasibility study.
- May 3, 2004 - Accepted the feasibility study results and authorized a capital campaign. Authorized the restoration of the steeple, tower and façade of the meetinghouse.
- November 1, 2005 - Voted not to pursue Plan L. Vote of confidence for investigating Old Center Hall.
- Sunday, May 7th, 2006 -To approve the purchase of Old Center Hall at a price determined by the Board of Trustees as fair and reasonable but in no event to exceed \$325,000 and maintenance to Old Center Hall not to exceed \$110,000. Vote of confidence for moving forward on the Meeting House renovation plans as recommended by the Building Task Force and the Board of Trustees, as presented at this meeting and subject to receiving final cost estimates.

### **Next Steps:**

- Parish approves the plan and empowers the Board to act on the contract & financing over the summer '06
- Continue Capital Campaign & additional pledges June '06+
- Board makes final determination of scope of project based on Pre-construction final cost estimates & available financing July '06
- Finalize short term financing source July '06
- Major portion of construction completed Fall '06

### **Long-term cash shortfall:**

Prior to the renewed Capital Campaign, the income and expense projections for the project showed a shortfall of \$629,000. In the last two weeks we have raised an additional \$242, 400 in Capital Campaign pledges from 38 families (over \$100K is being submitted immediately) with a goal of \$300,000.

Currently, to complete the building project AND purchase Old Center Hall, we have approximately a \$329,000 shortfall. We will reduce the shortfall as we continue to pursue Capital Campaign pledges from the Parish, including new members who were not previously contacted.

### **Short-term cash flow shortfall:**

Most of the bills for the building project will be due and payable this year; however pledge and grant income will be collected over the next 4 years. This leaves a short-term cash flow shortfall of approximately \$550,000.

### **Handling the short-term cash flow shortfall:**

Options include and are not limited to:

- Table the purchase payment of Old Center Hall and reallocate those funds to the building project this summer or negotiate a lease to own plan.
- Negotiations for the purchase of Old Center Hall are proceeding slowly. In addition, a leak has developed that the landlord must repair before the negotiations can be completed.
- The cash flow projections shown today include two years lease payments on Old Center Hall. We can spend minimal cash and still move staff offices across the street as planned.
- Ask that as many Capital Campaign pledges as possible be paid immediately (or by the end of summer)
- Pursue a 2-3 year loan of not more than \$550,000 to be repaid from the pledges.
- Borrow short-term from our investment reserves with interest. As we receive Capital Campaign pledges, re-pay the investment reserves.

### **Handling the long term shortfall:**

Delaying Old Center Hall purchase funds to a later date improves the short-term cash flow; however, we will still have to find funds for that purchase when we negotiate the sale.

We can do this several ways, including creative financing alternatives or lease to own option with Center Realty Trust, or a mortgage in a few years when the annual budget can afford it. The Board, Capital Campaign and Finance Committee are considering all viable options.

### **Vote YES Benefits:**

- WE are the "center" of the Old Center revival & improvements
- Fresh & welcoming church building is part of a "spiritual" ministry
- Work will start this summer!
- New front entrance and lobby with access for anyone
- Building requires "fire suppression"
- Renewed interest from the community=membership growth
- 170+ Years ago - our members built the 5th Meeting House which we are now benefiting from - let's leave renewed & renovated space to our heirs.
- Marketing Committee Kicked off in June to increase UU awareness & North Parish membership!
- Endowment Program will kick off, too.
- Increase Staff morale & retention

- Energy, Energy, Energy - the parish is charged up with new ideas for fund raising and commitment for helping to make it work.
- Members & pastoral staff pledged an additional >\$242K in 2 weeks!!!
- Vibrant church community already invested in this project
- Many have agreed to accelerate payment of capital pledges to defer cash flow concerns

**Vote YES Risks:**

- Continued welcoming concerns due to accessibility issues, worn appearance and space issues:
- Could have devastating effect on morale of staff and church members
- Cause Disconnect, loss of motivation & interest
- Could result in longer term financial harm
- Cause Membership to stagnate
- Cause some to pull pledges
- Cash flow needs would require short term bridge loan
- Uncertainty with unpaid pledges as time increases (ie. 4 year - people move, etc)
- Financing options, added to our current budget imbalance, requires increased draw down from investment reserves for some period of time
- Assumptions are built into the financial projections

The Board of Trustees thanks you for your consideration of this information. Our goal is to provide you information so that you can make an informed vote for our future.