

**Finance Committee of the Vestry  
Saint Michael and All Angels Church**

Minutes  
Of the 7:30am meeting on Thursday, March 9, 2006

**Present:**

Allen Lassiter, Treasurer  
David Martin, Sr. Warden  
Sharon Alexander, Jr. Warden  
Giffen Weinmann  
Robert Wilson

John Harris  
Missy Boone  
Howard Templin  
Cullum Clark

**Also Present:** Priscilla Owens, Jay Young

**Absent:** Jay Grogan

**I. Approval of the February minutes**

The minutes of the February meeting were unanimously approved.

**II. Financial Review**

a. Budget Review

The Finance Committee reviewed the 2006 Budget and the expected monthly flows of revenues and expenses throughout the year. The Treasurer noted that approximately 19% of the annual Parish revenue stream is realized in January as well as in December. The lowest revenue months are the summer months. Expenses on the other hand are substantially spread throughout the year. In addition the capital expenditures on the boiler and other items will be made during the summer months.

b. Review January and February 2005 Financial Statements

**Total Revenues:**

Year-to-Date Total Revenues Available through February were \$1,517,763 or \$282,941 better than budget due in part to higher than budgeted realizations of current year pledges and other income . Revenues included approximately \$728,000 in amortization of prepaid pledges. Contra revenue accounts were \$24,333 better than budget primarily due to Outreach expenditures which were budgeted for January and February but which will actually be made later in the year. The positive variances in the revenue accounts should reduce to zero by the end of the year. Through February of last year Total Revenues Available were \$422,409 greater than budget but reflected \$137,536 less in Diocesan assessment payments that were brought up to date in the March- April timeframe. After giving effect to this difference the February 2006 positive revenue variances were in line with those of 2005.

### **Total Expenses:**

Year-to-Date Total Operating Expenses through February were \$17,297 better than budget. Substantially all departments were better than budget through February. Aggregate positive expense variances in most of the departments were partially offset by Facilities Repair expenses which occurred earlier in the year than budgeted. Total Operating Expenses were \$135,547 better than budget last year in the first two months of the year but at that time monthly department expenditure timing had not been incorporated into the budget process to this year's extent and therefore was impacted by more significant timing differences.

Total Revenues less Expenses through February were \$300,239 better than budget. The Treasurer noted that these positive variances were due in large part to timing differences between budgeted revenues and expenses versus what actually has occurred this year to date. Therefore the variances are expected to diminish in future months as expenditures are actually made.

### **Balance Sheet Items**

Year end 2005 balance sheet closings were not available as of this meeting but will be discussed in the March Vestry meeting. The Operating Account balance was \$1,115,112 at the end of February, or \$255,976 higher when compared to \$859,136 at the end of 2005. Total Restricted Assets were \$1,355,617 at the end of February, or \$157,384 higher when compared to \$1,198,233 at the end of 2005.

## **III. Old Business**

### **a. Status of the Capital Campaign**

The Committee discussed the status of the campaign, the pledges received to date and the expected cash portion of the pledges to be available for the closing on the purchase of the Michaelson properties scheduled for April 18. It is anticipated that a significant portion of the pledges will be monetized prior to that date but that negotiations should be continued with Amegy and other banks to secure an interim credit facility in order to close on the purchase of these properties prior to more complete monetization of the pledges. Currently a large number of pledges to the capital campaign are spread over a 2 to 4 year time frame. Early monetization of the first year's pledge installment will be solicited in order to minimize the amount of borrowing to be undertaken to close on the property purchase.

b. Review of Bank Financing Arrangements

The Treasurer reviewed for the Finance Committee the 2 Credit Facilities now in place, both with Amegy Bank. The first facility, the Chapel Note, was drawn down to finance the Chapel construction project which was completed beautifully. The current balance on this loan facility is \$125,000 and pledges have been received in this amount to fully retire the loan balance. In January, the 2006 installment of \$125,000 was paid early leaving the current balance which is due in June of 2007. This credit facility was in the original amount of \$500,000, carries a floating rate of interest and is being retired totally with pledges designated for this purpose.

The second facility is the approximately \$3,678,000 term loan facility borrowed by Frederick Square Title Holding Company to acquire the office building to the north of the church at 8100 Lomo Alto. This loan is due in March 2012 and has a 5.65% fixed interest rate. SMAA maintains a working capital deficiency guarantee on the facility and it is secured by the office building. The original loan size was \$3,750,000. The loan is amortizing on a 30 year amortization schedule with a balloon in 2012 and does not have a prepayment penalty. A fixed rate was successfully negotiated with Amegy in early 2005 and is at an attractive rate compared to current prevailing interest rates.

The Capital Campaign is envisioned to ultimately retire any debt incurred to acquire the Michaelson property as well as that associated with 8100 Lomo Alto. A proposal was received by Amegy in late 2005 to facilitate the Michaelson property acquisition and additional proposals from other banks will be reviewed as well.

**IV. New Business**

a. Finance Committee Liaisons

The Committee discussed aligning Finance Committee department liaisons as much as is practicable with the Vestry department liaisons. Assignments will be made after the next Vestry meeting.

b. Finance Committee Actions

- The Finance Committee unanimously approved a proposal from Parish Life Events to solicit specific funds to finance a gathering of parishioners in honor of the Rector scheduled for April 25<sup>th</sup>
- The Finance Committee unanimously approved a proposal to enable the Senior and Junior Wardens to pursue a communication with the Parish about other appropriate actions as part of the farewell to the Rector