

The Community Church of Chapel Hill

UNITARIAN UNIVERSALIST

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CONGREGATIONAL MEETING

January 29, 2017

1. Chalice Lighting and Opening Words

S. Warshaw, Chair of the Board of Trustees (BoT), called the meeting to order. The official number present, according to registration, was 144. There were also 21 registered proxy voters. B. Rote read the Chalice lighting words, while Rev. Belote lit the chalice. S. Warshaw provided an overview of the timing of the meeting and the concept of a straw vote and the need for a “super” majority of 80-90% to go forward with the Financial Feasibility Study’s (FSS) Option 1.

2. Congregational Covenant

S. Warshaw led the reading of the Congregational Covenant and introduced himself as Chair of the BoT and noted the presence of members of the Board of Trustees and the Building Project Task Force. He acknowledged P. Johnson as Parliamentarian for the meeting.

3. Where We Have Been

S. Warshaw introduced the leaders of the Building Process Task Force, C. Cole and P. Smith. C. Cole reviewed the “Steps to a Capital Campaign”. P. Smith reviewed the three building designs and briefly stated what needs each met. She also reviewed the FSS process and noted that all FSS interviews were able to take place despite the bad weather on 1/7/17.

4. Where We Are

S. Warshaw thanked C. Cole and P. Smith for their work on the Task Force. Upon request, S. Warshaw read the summary recommendations from the FSS. He provided an overview of the FSS, noting that M. Ewert, the FSS consultant, said that he had admiration for our church. The FSS showed that there was an understanding of the goals of the Building Project and the space needs. The FSS identified a deep support for the needs of the Religious Education (RE) program and for dealing with the existing building loan. The FSS showed there was lower prioritizing of other needs. S. Warshaw reviewed the graph of needs. The FSS indicated that a Capital Campaign would likely raise \$1M, which would fund the “Middle” Building Plan, with maybe a stretch goal of \$1.4M. And, that questions about dealing with the existing building loan still remain. S. Warshaw repeated the recommendations of the consultant: 1) proceed with a Capital Campaign but retool the effort and re-scope the plan so as to address the priorities of the RE and

addressing the loan; or 2) delay the Capital Campaign until next year but address the pending issues of the loan and renovations of the preschool space this year.

S. Warshaw stated that the BoT recommends Option 2 given that there has been a lot of confusion about the names of the plans, what they actually mean, and how they related to each other, and there is a limited amount of time in which to address these. He also noted the confusion and a general misunderstanding at the December Congregational meeting about why the Congregation only voted on one building plan.

S. Warshaw reiterated the definition and reason for a Straw Vote. He repeated that Option 1 would need strong support to be successful, as a Capital Campaign is not a “do-over” event, i.e., not something the church should do every year. He then called on A. Wright, Treasurer, to describe the commercial church loan, the gap in the budget that will result when the preschool leaves, and to entertain questions about them.

A. Wright explained about the loan and the pending gap in the budget due to the loss of the preschool revenue. He stated that the Treasurer manages the finances of the church; however, the Congregation is in charge of taking on debt. He then opened the floor to questions.

- What is the current loan balance? \$482K
- What is the loan’s current interest rate? 4.31%
- Who holds the current loan? BB&T
- Follow-up inquiry as to moving the loan to another institution
- Follow-up answer that refinancing with BB&T would be easiest but that we could investigate other options
- What is the pay-off penalty? Estimated 1% (Confirmed by email that it is 1% of the current loan balance)
- What are the balloon payment options? Pay-off or refinance
- Are we eligible for mortgage-type loan? Perhaps but it would be more expensive as individuals have better options
- Can you only pay interest on a commercial loan? We have paid mostly interest but some principle is paid, which is why the refinance amount is lower each time.
- What percentage of the annual budget is the loan payment? 8%
- When did we start the loan payments? There was an original loan in 2005 and then it was refinanced in 2012. What was the original loan amount and why hasn’t it been paid? A. Wright deferred to L. Kirsch. L. Kirsch estimated that it was \$690K amortized over 20-years to keep the payments lower. He noted that we could now do a 13-year amortization.
- Why is the loan so high? It is a merger of two loans – the Capital Campaign loan and the Manse mortgage. (Confirmed by email that in Jan 2012 the church consolidated the remaining Manse mortgage (\$66K) together with debt from the prior construction. Also, in March 2010 a roof replacement project was added to the balance in the amount of \$24K.)

A. Wright spoke on the revenue from the preschool and the pending need in the budget

to replace that revenue. Questions followed.

- What is the church's current financial situation (cash in the bank) and with the pending shortfall. What are we dealing with? Our financial health is good, at about \$250M.
- Is the preschool revenue shown net or gross? It is net. We gross about \$66K and pay for janitorial and other services on behalf of the preschool.
- Is it possible to get another tenant? A. Wright deferred to Rev. Belote who answered that the current preschool is grandfathered in and that renting to another preschool would require extensive renovations to the preschool space.

5. **Where We Are Going**

Rev. Belote said that where we are going is for the Congregation to decide. He said that he has never lost sleep or worried over the church's finances. He explained that Congregants give to the church out of two pockets. The first is the annual pledge drive, which is generally funded out of a person's normal income stream. However, a Capital Campaign is funded out of the second pocket containing other income, investments, savings, etc. Rev. Belote noted that it would not have been unusual for one, two, or three families to get together and pay off the existing loan. He noted that the Congregants may have to pledge their regular amount this year, plus include extra for the pending expenses of renovating the preschool space for church use.

6. **Sharing Impressions**

S. Warshaw initiated a time of sharing between nearby Congregants for 2 minutes to discuss their thoughts and impressions about the options.

7. **Discussion**

S. Warshaw opened the floor to questions, asking that those who had spoken before to wait until all had spoken before speaking again.

- What happens with the Straw Vote if there is strong support for Option 1? The Chair will entertain a motion to go forward with Option 1.
- Why are the recommendations different than what was posted? Additional language was added to include the known challenges of each option.
- Has there been a search for any other (non-preschool) tenants? There is currently no space for church meetings and programs so having another tenant would continue that issue for the church.
- Why is there a sense of urgency? Can we do the upgrades without a Capital Campaign? The Basic plan would address the current/urgent needs. Only the Middle plan would fit our commitment to our priorities.
- Regarding the FSS chart of priorities, is it a chart of what we need or what we value? It is both. It is what those interviewed indicated was most valuable to be addressed now.
- Comments were made regarding the rising interest rates, the increasing cost of materials, and the difficulty in finding a builder. Additional comments were made regarding that the longer the current loan exists the more interest we pay.

- Have we looked at other sources of income? The church has discussed some, including the rental of the Manse.
- Why would we refinance the current loan in January 2019, if the consultant says that we can pay it off and fix-up the preschool space? And what is the financial plan to deal with the revenue short-fall? Paying off the loan is part of the plan to cover the short-fall.
- What are the compelling logistical challenges for postponing versus proceeding? C. Cole referred to the FSS consultant's comments regarding confusion over the plans and priorities, as well as the risk of taking a gamble on raising enough money for the Middle plan and paying off the loan and then not raising enough.
- Comments were made regarding our mission to make the world a better place and that starts with a pitch to our pocket and making a quality space for our RE children. Additional comments were made regarding the years that have gone into space assessments, the ten years that RE has been waiting for suitable space, and what is to be gained by waiting? S. Warshaw noted that delaying the Capital Campaign would not mean delay on accepting money, as it is recommended to have a strong starting balance before beginning construction.
- What is the timeline? The preschool leaves January 2018.
- When is the loan due? January 2019.
- Comment that this is a choice of a Capital Campaign for when the preschool leaves or when the loan comes due.
- Comment regarding a sense of ownership in the church and that it needs to translate to an equal a level of support.
- Concern was stated about continually asking for more money and a lack of prioritization for accessibility. Additional concerns were noted about a lack of personal financial security at this time. It was noted that the FSS consultant said that more money might be raised if the Capital Campaign focused on RE and paying off the loan.

8. **Vote**

S. Warshaw called for an informal (straw) vote. P. Johnson explained that the point of the straw vote is to gauge how the Congregation feels before moving forward on a motion and a real vote. A show of hands and proxies indicated 96 in favor of Option 1 and 56 in favor of Option 2.

Motion to proceed with Option1: M. Goldshlag

Seconded: L. Kirsch

A quorum is required for a simple majority, which was met; however, the vote did not meet the "super" majority. M. Goldshlag rescinded her motion to proceed with Option 1. L. Kirsch rescinded his second to the motion to proceed with Option 1. S. Warshaw stated that the board would reconvene to discuss the Congregation's preference. He asked for all interested in acting as Stewards to contact P. Smith and C. Cole. One final comment was made that delaying a Capital Campaign might allow the church to raise enough money to proceed with the Vision plan.

9. Closing and Extinguishing the Chalice

Due to time constraints, S. Warshaw closed the meeting without a motion. The Chalice was extinguished without closing words.