

St. John the Baptist Greek Orthodox Church Capital Campaign Committee Meeting No. 2

February 7, 2009

Draft Meeting Minutes

Attendees: George Vittas, Fr. Vasile Tudora, Dr. Chris Yiantsou, Paun Peters, Nancy Medvic, Louie Papaliadis, Joe Sullivan, Bill Wright, Larry Leeders. Not in Attendance: Margaret Chokas, Dr. Lou Antahades

- Invocation by Fr. Vasile at 9:15 AM.
- Minutes of 1/24/09 Meeting #1 distributed and read by attendees. No further comments. Formal approval motion was waived in favor of later comments or additions by Committee.
- Preliminary agenda approved without changes.
- Report on discussion with Holy Trinity G.O. Church regarding “lessons learned” in past capital campaign(s)... No report at this time. There has been no contact on this subject with George Naftis, Council President at Holy Trinity and Building Committee Chairman during the development of the new Dallas facilities at Hillcrest and Alpha. Chris Yiantsou and George Vittas will follow-up.
- **Financial Subcommittee**
Paun Peters, Chris Yiantsou and Louie Papaliadis presented and discussed past and recent findings in discussions with banks regarding requirements, terms and conditions for debt financing as a part of the capital campaign. Three documents were distributed (attached) which describe past and current meetings with Frost and Chase banks on the subject of the process and prospects of applying for and obtaining bank loans.

The following major items were discussed:

- > Establishment of Debt Burden Limit – Frost Bank would use several metrics, including: a.) a maximum of 2.5 times “ongoing” revenue; and, b.) a maximum of 25% of annual giving dedicated to debt service. Some discussion followed concerning the stewardship impact of adding that amount of debt service to the current debt-free operations of the Parish. Larry Leeders, attending as the Parish Council Treasurer asked whether and when there would be some information developed regarding the increased operating budget costs needed to support the new building. Joe Sullivan replied this would be developed in due time through the work of the design team.
- > Loan to Value Ratio – Frost Bank would establish loan risk through a simple fraction of the amount of loan divided by value of the completed project expressed as a percentage. Given the current debt free ownership of Parish land and improvements (buildings) the value of the completed project with all site and building enhancements would be around \$2 million.

- > Interest Rate – Frost Bank would consider offering three optional interest rate terms, as follows: a floating APR or ARM; interest rate swaps (Louie Papaliadis will explain this method further after his refresher course); and, fixed rate pricing. Frost Bank believes fixed rate may be the best form of interest at this time due to low market rates but a potentially large “pre-payment penalty” could be included. This would affect the Parish’s ability to reduce the principle amount of a loan with large annual debt reduction payments derived from Festival profits.

Chris Yiantsou raised a discussion of how the initial \$136,000 amount for design team fees would be paid. Chris stated he would be in favor of and would like to address the Parish with the recommendation that a “mini-campaign” be held to raise the design team fees as a show of Parish commitment to the development program. Much discussion pro and con followed. Larry Leeders and others expressed concern that the monies as planned would be withdrawn from the Building Fund at a time of depressed share values, essentially depleting the Vanguard Fund account and leaving about \$276,000 remaining in the Dodge & Cox Balanced Fund account at current share values, the total Building Fund being down from a previous high value of almost \$600,000. Nancy Medvic and others expressed the position that the Building Fund was intended for this purpose and the Parish should not now balk at using the money for its intended purpose. George Vittas again raised the point the entire \$136,000 was not needed to describe the size and character of the project in terms of cost, architecture, structural, civil, mechanical and electrical systems and materials and that this level of detail would be available at the end of the Design Development Phase at a cost of no more than about \$60-70,000 for use in the Capital Campaign. Joe Sullivan again replied the Building Committee was recommending the entire final design of the project be completed in one uninterrupted process with 100% Construction Documents delivered under the proposed design contract. Nancy Medvic and Paun Peters expressed support for the Building Committee’s recommendation.

There was much further discussion with all meeting attendees participating. Before moving to the next agenda item it appeared there was general agreement the Parish should not get into too much debt so we will not put our finances in jeopardy. Based on the amount of debt the parish can afford a fund raising goal will be established, pending outcome of the first statement of “Probable Construction Cost” from the design team and absent other sources of capital yet to be discussed. (In that latter regard, the Financial Subcommittee intends also to investigate a third source of bank financing.)

No further discussion was deemed necessary regarding Chris Yiantsou’s “mini-campaign” recommendation or any of the other concerns and recommendations that surfaced during the discussion that followed Chris’ recommendation. It was, however, emphasized by several participants at the meeting that members of appointed committees reporting to the Council should strive for unanimity in their statements at any General Assembly in which the work of their committee was to be presented.

- **Fund Raising Subcommittee**

Nancy Medvic and George Vittas presented packages of materials obtained from the two fund raising consultants approached to date:

- > RSI, the firm retained twice for the successive capital campaigns at St. Demetrios; and
- > Office of Parish Development, an agency of the Archdiocese.

There was less discussion of this preliminary fact-finding report due to time constraints and the fact the Committee members had no previous opportunity to review the material presented. It was pointed out RSI had a list of previous Orthodox Church and many Protestant church clients while the Office of Parish Development was relatively newly established by the Archdiocese. The Committee was asked to take the time to study the materials and be prepared for discussion at the next meeting.

- Copies of the complete Draft Contract for the design of the building project including the program description were distributed with the advice that each member of the Capital Campaign Committee should have a good understanding of the project and the work of the Building Committee. .

- **Actions for Next Meeting, Saturday, 14 February at 9:00 AM**
 - > **Follow-up with Holy Trinity on lessons learned.**
 - > **Financial Subcommittee to develop further findings and a consolidated financial documents list for coordination with the Council Treasurer.**
 - > **Committee members to study and be prepared for discussion of fund raising consultant options and actions.**
 - > **Committee members to read and discuss any questions or concerns associated with the project program and the draft design contract.**

- The meeting was adjourned and Fr. Vasile gave the Benediction at approximately 11:00 AM.