

St. John the Baptist Greek Orthodox Church
Capital Campaign Committee Meeting No. 3
February 14, 2009
Meeting Minutes

Attendees: George Vittas, Fr. Vasile Tudora, Paun Peters, Nancy Medvic, Louie Papaliodis. Not in Attendance: Dr. Chris Yiantsou, Margaret Chokas, Dr. Lou Antahades

- Invocation by Fr. Vasile at 9:15 AM.
- Minutes of 2/14/09 Meeting distributed and read by attendees. No further comments.
- Report on discussion with Holy Trinity G.O. Church regarding “lessons learned” in past capital campaign... (Summary attached to these minutes.)

- **Financial Subcommittee**

Paun Peters and Louie Papaliodis reported on Louie’s meeting with Worthington National Bank in Fort Worth. (Two reports are attached to these minutes, documenting the discussion and information gained at the Worthington National Bank meeting.) Louie stated he was favorably impressed with the thoroughness of the Bank’s presentation and the genuine interest expressed in serving the Parish.

Louie obtained a copy of the Worthington National Bank’s “Church Loan Questionnaire” and it was recommended we use this format for any and all bank loan applications. (This form is also attached to these minutes.) The Financial Subcommittee will meet with Council Treasurer Larry Leeders to review the Questionnaire and discuss the preparation of documentation needed for completion of an application.

- **Fund Raising Subcommittee**

This topic was generally and briefly discussed with no further information regarding the two “consultant” possibilities discussed at the last meeting. Nancy Medvic did distribute some additional information consisting of informative magazine articles by RSI.

A third realistic campaign organization and management option was discussed; namely, that the Parish would organize and operate the Capital campaign on its own using the talent and resources available among its parishioners and maximizing the involvement of the Parish on the whole.

It was agreed the next meeting should include detailed discussion of the consultant versus self-management options to enable a decision and the beginning of focus on the organization, required resources and timeline of the Campaign.

- **Tentative Next Meeting, Saturday, 28 February at 9:00 AM (All Committee members should confirm ability to attend in order to finalize this date.)**
- The meeting was adjourned and Fr. Vasile gave the Benediction at 10:15 AM.

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Holy Trinity Capital Campaign Summary (1991-93)

- Appointed Parish “Champion” and Committees; conducted entire campaign without consultant.
- Meetings with parishioners individually and in groups.
- Three-year pledge payment period
- Significant benefactor donations received early; accounted for almost one-third of total amount.
- Major givers steered into donations for particular items, aspects or components of project, i.e.:
 - Entire rooms w/furniture and fixtures
 - Major Icons in particular locations
 - Chantor Stand, Stasidia, Despotiko throno
 - Ikonostasion
 - Proskinitari, Candle Stands, Pangari
 - Audio system
 - Etc.

Individual donors not recognized except for entire community center building and rooms. This would be most applicable to the existing dual-purpose building interior redevelopment.

- “Hard Hat” tours during various stages of construction.
- Funds for interior church design features and icons were promoted
- through use of “VR” (Virtual Reality) simulation video of church interior.

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Worthington National Bank's discussion summary

Per your request I spoke with Mr. Keith Larance with Worthington National Bank today. He told me that they are a locally owned private bank that has a preference for dealing with local businesses and churches. Based on my conversation with him, it would seem they have developed quite the niche of product offerings and tools available for working with churches.

The process of obtaining financing begins with a credit request. Their credit request is not a formal credit application, but rather Mr. Larance referred to it as their "church questionnaire." The questionnaire covers a vast array of information, but includes the typical requests for number of members, giving units, financial statements (audited financials not required), etc. He told me he will e-mail me a copy of the church questionnaire along with some other information that I requested that is discussed below.

Most of their ratios (used to determine debt loads) are calculated internally and he could not stress enough that there were really no hard and fast rules and that they look for workable solutions to any obstacles in the underwriting process. One item mentioned was, that the bank likes to see historical giving demonstrating the ability to cover future planned debt service. In other words using our historical financials, showing the ability to make our proposed monthly payments. He followed up by telling me that this only happens about half of the time in their experience with church finance; they do work arounds the other half of the time.

He told me the bank would require liens on all existing church property as collateral for the loan. He also stated that the Loan to Value ratio (discussed in my Frost Bank e-mail - $LTV = (\text{loan amount} / \text{value of collateral})$) is typically between 50 to 65% and that the calculation includes the value of the proposed building. He said they use about 6 or 8 different ratios to ensure that our debt load will be manageable and he will e-mail me the most pertinent ones and their associated guidelines.

Once the loan amount is approved, they fund the project on a commercial loan draw schedule. However they do have one twist. They will require that we maintain our primary banking relationship with them should they become our partner on this project. They will set up accounts where our capital campaign contributions are to be deposited. Once our capital campaign is substantially completed, Church funds (current building fund and capital campaign funds) are expended first, then the financing proceeds according to the commercial construction loan draw schedule (with all requisite inspections completed etc).

They also offer a 2 year interest only period, whereby the church is only required to make interest payments on the loan during the first two years. This is done as an accommodation to allow for the pursuit of a capital campaign. He stated that many churches utilize the interest only option, and it helps get to groundbreaking sooner without putting undue strain on the parish. Once the capital campaign has been completed (i.e. two years later) a regular amortization of principal and interest is then instituted.

He stated that their maximum term is 20 years. If we opt for an interest only period, it will deduct from the 20 year maximum term. Thus if we opt for the interest only period, we would have a 2yr interest only and an 18 year regular amortization. They favor a fixed rate APR

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structure; however, it seems to me to be a bit of a hybrid between a fixed and a floating structure. He said the initial loan will be priced and fixed for a 3-5 year period (negotiable). Then the loan is re-priced every 3-5 years (usually to prime+a factor). He said that they will negotiate APR floors and ceilings in an effort to make the arrangement equitable for the bank and the parish (if we so desire). The floors and ceilings would be valid for the life of the loan.

Finally we spoke of different techniques we could use to make the loan more attractive to the bank, lessen their risk position and thus have a lower APR. He stated that we could utilize personal guarantors for portions, or all of the loan; with the guarantees burning off after certain loan covenants had been satisfied (i.e. a certain equity position). Additionally we discussed the possibility of opening a Certificate of Deposit pledge program whereby parishioners could open a CD with the bank, pledge it as collateral (utilized only in the event of default), and thus lowering the bank's risk position and our APR. It's a great way to allow people to be generous without costing them any thing.

Mr. Larance was very thorough and he seemed genuinely interested in partnering with us on this project. Also Worthington National seems (at least initially) to have many product offerings that cater to churches and non-profit organizations.

With my questions having been answered and he having none for me, the meeting ended. He will send an e-mail with the church questionnaire and the various metrics used to qualify for a loan in a separate e-mail.

Please let me know if there are any questions regarding the above.

Kind Regards,

Elias Papaliodis

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Worthington National Bank's Loan metrics

Date: Friday, February 13, 2009, 3:49 PM

Louis,

I enjoyed talking with you today and look forward to the opportunity to help your church with their expansion project. I have attached our questionnaire and included some of our ratios below for your review. Let me know if you have any questions, I will be happy to help.

Ratio	Guideline
Loan Amount / Gross Annual Income	< 3 Years
Monthly Loan Payments / Income Units	Max \$50
Loan Amount / Income Units	Max \$2,500
Annual Budget / Income Units	Max \$1,500
Annual Debt Service / Annual Budget	Max 33%
Total Term Debt / Appraised Value	Max 65%
Gross Annual Income / Income Units	Reasonableness
Total Term Debt / # of Members	\$500 - \$750
Total Term Debt / Gross Annual Income	Max 2.5 x

Thanks,

Keith

Keith E. Larance

Vice President - Lending

Worthington National Bank

500 Main Street

Fort Worth, TX 76102

817-303-1204

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Worthington National Bank's Loan Questionnaire

Exhibit A
Church Loan Questionnaire

General Information: _____

Name of organization: _____

Legal structure (Corporation, Partnership, Other): _____

Is the organization incorporated under the laws of the state where located: _____

Address: _____

Phone number: _____

Primary contact: _____

Tax ID number: _____

Inception date of organization: _____

Length of time at current location: _____

Number of worship services held per week: _____

When are offerings collected: _____

Seating capacity of current facility: _____

Name of head clergyman: _____

Length of time with organization: _____

Full or part time: _____

Age of head clergyman: _____

Names of other staff clergymen: _____

Member of denomination body, if any: _____

How is body structured: _____

Contributions to body annually, if any: _____

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What committee is in charge of financial related affairs: _____

What committees are in charge of other decisions: _____

What is the length of service for persons involved in decision making functions:

Financial Information (please attach actual financial statement)

Year (Please indicate fiscal year end by month and year) _____

Operating Budget _____

Actual Operating Income _____

Membership _____

Giving Units _____
(family units or single, employed adults)

Average Worship Attendance _____

Breakdown of Current Membership:

Under 18 _____

18-25: _____

25-35: _____

35-45: _____

45-55: _____

55-65: _____

65+: _____

When was the membership list last purged: _____

List the individual amounts given by your top ten donors:

1 2 3 4 5 6 7 8 9 10

Please provide a summary of any borrowings or capital additions completed in the last ten years:

Property Information

How many acres do you currently own: _____

Square footage of current facility: _____

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Date facility acquired and costs: _____

List a description, year completed, and cost of any improvements:

How far to the nearest associated church: _____

Project Information (Please attach all pertinent budgets, drawings, etc.)

Please describe the current project (square footage, number of buildings, etc.):

Who is the architect: _____

Who is the contractor: _____

What is the total cost of the project _____

Construction _____

Soft costs _____

Furniture fixtures _____

Contingency _____

Land _____

Interest during construction _____

What is the amount of the loan request: _____

What is the estimated length of construction: _____

How much cash is available today: _____

Are you/will you be involved in a special fund raising campaign for the project:

What is/was the start date: _____

What is/was the length of the campaign: _____

How much is pledged to date: _____

How much has been collected to date: _____

If any pledges are over \$25,000, please list amounts: _____

Did you/will you use a professional fund raiser: _____

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If yes, which one: _____

Is the following insurance coverage in place:

Fire _____ Extended Coverage _____ Vandalism _____
Malicious Mischief _____

Will this coverage remain in force: _____

Have all necessary local permits been received: _____

Does the organization understand that in the mortgage will be a clause that, in the event the organization ceases to cooperate with the local association in which the organization is located or affiliated, or if the property should be sold, leased, or otherwise disposed of, the remaining indebtedness will become due and payable immediately? _____

Additional Information Requested

- 1) Resume from head clergyman.
- 2) Brief history or organization.
- 3) Last 5 years fiscal year end statements.
- 4) Current interim financial statement.
- 5) Current budget.
- 6) Operating projections for the next three years.