

Minutes—MCCDC Board of Directors' Meeting Tuesday, December 17, 2013, 7:00pm

Members Present: Rev. Dwayne Johnson, Craig Arnold, Mark Kornmann, David Lord, Bob Whitman.

Members Absent: Fenicia Ballard, RJ Flowers

Guests Present: Kathleen Carey, David Jenkins, Joe Daley, Jim Garner

I. Opening Prayer

Rev. Dwayne Johnson reminded us to be prayerful for Rev. Cathy, Ron Hanna and Rose Williams.

II. Consent Calendar (Agenda)

Clerks Report, Buchanan Trustee's Report, Sr. Pastor's Report

David Lord moved to accept. Mark Kornmann seconded. The Consent Agenda was accepted unanimously.

III. Informational Items

Christmas Concert: Mark Kornmann gave an update on the success of the Christmas Concert which yielded a net gain of \$3,105.46 to go the General Fund. He added that many had told him it was the best Christmas Concert the church had done in years.

Toy Drive: Mark Kornmann also gave an update on the success of the Toy Drive, which had 106 children and 160 adults participating. Each child received 4 toys and a book, which is about twice what was given last year. There were 60 toys left over which went to Trinity House. The \$500 budgeted for the toy drive was not needed. A donation of \$157.52 was deposited into the General Fund.

End of Year Giving: Rev. Dwayne indicated that there is a good chance the church will end the year in the black. However, to ensure that, he would like the board to be involved in an End of Year Giving campaign. He asks that the board call donors to thank them for their generosity and ask if they would like to give to little more to make the church ends the year in the black.

IV. Discussion Items:

Treasurer's Report: Bob Whitman moved to accepted and Mark Kornmann seconded.

David Lord gave financial updates stating that we should hold off paying big invoices until the new year to help the church end the year in the black. January and February

could be tough months due to a) any invoices held till then, b) first of the year expenses that pay for whole year supplies c) no rental income due to renovations on 472 Ridge. Rev. Dawyne also mentioned that assessments are due in January. Mark Kornmann stated that giving has been low due to low attendance, however the per capita figures did not go down. David Lord added that we have shut down our account with PNC and voided outstanding checks. David Jenkins asked about trends in electronic giving. Mark Kornmann said that it should go up once we switch EasyTithe to Sun Trust in January.

Motion accepted unanimously.

2014 Board Officers: Bob Whitman asked if it was appropriate to assign positions to new board members. Rev. Dwayne asked that the board wait until everyone concerned is present and explained that, if needed, the clerk is to step up to vice-moderator in the event that any issue should arise between January 1st and the January board meeting.

Proposal to Renovate 472 Ridge:

Moved by David Lord, seconded by Craig Arnold

- The Board authorizes up to \$220,000 to be set aside for purposes of renovating the 472 property. The \$200,000 will be obtained by investing \$50,000 from contingency and reserves and \$170,000 from capital projects.
- The working group or its representative(s) are authorized to negotiate a specific construction plan with the project manager that provides for the construction of an additional floor on the 472 property and a rooftop terrace. The end product should include two bedroom apartments on each floor with high-end finishes. The working group is authorized to modify the specifications to include eliminating the terrace and/or altering the quality of finishes in the basement apartment in order to keep the project on budget.
- The project is designed to bring in \$14,100 a month in rental income once the facilities can be rented. Assuming this income materializes, it will be spent as follows:
\$8,051.76 to cover the Church's mortgage.
Up to \$1,410 (pending further Board approval) to retain professional management of the apartments
\$4,638.24 for the Repayment Plan.
- The "Repayment Plan" is as follows. Excess rental income that is not needed for the Church's mortgage and management fees will be dedicated first to repaying the \$50,000 invested from contingency and reserves. This will take approximately 11 months. Once this amount has been repaid, the excess income will be used to repay the money that was invested from capital projects. This will take approximately 36 months after the payments begin being applied for that

purpose. Thereafter, excess revenue will be dedicated to the Capital Giving Campaign for the purpose of helping pay down the balloon payment on the Church's mortgage that will be due in approximately 7 years.

- **Income Summary:** This plan will result in approximately \$1,184,400 in income over seven years (\$14,100 in rent per month x 12 months x 7 years). During that seven year period, that income would be spent as follows: \$676,347.84 for the Church's mortgage; up to \$118,440 in management fees; \$50,000 to repay money invested from Contingency/Reserves; \$170,000 to repay money invested from capital projects; \$169,612.16 for the Capital Giving Campaign. The money contributed ultimately to Capital Giving could increase if management fees are less. It could also decrease if rent is also being used to cover utilities or repairs (this point will need further discussion).
- **Summary of Funds Available for Other Capital Projects/Repairs:** Approximately \$110,000 will remain in the capital projects account after the investment is made. Another \$60,000 is in the Buchanan Fund. That \$170,000 is available for immediate use as needed. The funds that were invested for the renovation are targeted to begin being repaid about a year from when construction is done. Those amounts will be finished being repaid approximately 3 years after repayments begin. Thus, over a seven year period, a total of \$340,000 plus any funds raised from the Buchanan Fund offering or other fundraising endeavors is available for capital projects and repairs.
- It is the intent of the Board that until the funds are replenished in capital projects, when additional expenses are approved from this account, the Board will strive to ensure that such action only occurs if there is Board consensus toward doing so.
- In 2014 the Board, working with the Trustees and the Finance Committee, will endeavor to create a procedure for adopting a capital spending budget.

Discussion: Mark Kornmann said that the upper two units have been vacated and that the basement unit will be vacated as soon as Ms. Barnes has a new place, probably on Friday 12/20. The church offered to give her \$600 financial assistance for the move. He also mentioned that we have the demolition permits. David Lord went over the options that were presented by Antoinette Pinkney and said that he felt the above proposal, while the most expensive, would recuperate fast and give us the best investment allowing us to get the best rent. David Lord went on to say that the excess rent money above our mortgage payments would be put back into the Capital Projects Fund. Obviously, we would not have rental money for 6-8 weeks during the renovation. It was suggested that we hire a rental management firm to manage the building to unburden the board and the trustees from having to do so. Bob Whitman asked if we were obligated to pay a percentage of the rental money to the denomination, to which Rev. Dwayne said no. Trustees Joe Daley and Jim Gardner mentioned that they support this proposal but ask that everyone be mindful of expenditures to the Capital Projects Fund until income can build it back up.

The motion passed unanimously.

- V. David Lord points out that we have holes in the schedule of offering counters, especially for Christmas Eve. It was suggested that Bob Whitman put the money in the safe to be counted at the next Sunday service.

Moved to adjourn by Bob Whitman, seconded by David Lord. Meeting adjourned at 9:05pm