

Present: Ad Council Members with exception of Chuck and Rob Knabel

Guest: Jim Chance, Gene Council, Scott Burgess, Jamie Boutillier, Ivan Haas, Linda Quigley, Jake Authier, Vicy Goodwin, Laura Caulley, Tony Russo, David Petrie

The evening began at 6:30 pm with a dinner and Leadership Orientation of all Heritage Leadership Committees lead by Pastor Chuck Englehardt.

Administrative Council meeting was called to order by Bill Goodwin who welcomed all new members, especially our two youth representatives.

Pastor Chuck Englehardt led the Council in prayer.

Conversion of Construction Loan:

Bob Crawford, Chairman of the Finance Committee presented a proposal for converting the construction loan on Building D to a promissory note. Bob explained the various options that the finance committee considered. Summary that was shared with the council:

The Finance Committee has approved and brings forth a motion for approval of a \$3,000,000 loan from a private source at 3% interest for a five (5) year period.

Background:

Paul Burroughs and Arch Johnston were asked to look at options for converting our existing construction loan on Building D to a mortgage since the construction period of the loan was set to expire. Paul and Arch met with BB&T since they are the current lender on our church mortgage as well as the construction loan. They are willing to work with us to structure a loan that meets our needs. As a means of discussion, they could offer a \$3,000,000 loan for 20 years at 3.8% which would have monthly payments of \$17,864 (\$214,368 annually). They could offer a 3-year ISDA SWAP loan at 4.75% with monthly payments of \$20,622 (\$247,464 annually) or they

could offer an interest only option for 1 year at 3.5% interest with monthly payments of \$9,250 (\$111,000 annually).

The Florida United Methodist Foundation also offers mortgages to churches. They are currently offering fixed loans amortized for 30 years at 4.25%. Monthly payments would be \$18,675 (\$224,100 annually).

A member of our congregation stepped forward and offered to help the church by offering a \$3,000,000 loan at 3% for a 5 year period. Monthly payments would be \$7,500 (\$90,000 annually). All paperwork would be handled by Rick Sadorf, a real estate attorney from our congregation, pro bono. The 3% interest only provides the church the most flexibility. The loan can be paid down ahead of schedule with no prepayment penalties so it would be up to the church to decide annually how much we want to pay in addition to the interest due.

The Finance Committee recommends the private funding option.

JR Richardson moved to accept the Finance Committee's recommendation of the private funding offer. Don Roberts seconded the motion.

Discussion followed. Points made:

This is a promissory note, not a mortgage. This private arrangement would save \$210,000 per year in payments.

What is the long term plan? After a while, the committee is considering a capital campaign to pay down the debt. This agreement is flexible in that we can prepay with no penalty and could have less to finance in 5 years. There is also a possibility that this arrangement could be renewed.

The sale of the Compass netted \$500,000 which was applied to debt, bringing it down to \$3,000,000.

Question was raised if it was better to take a fixed rate now, in case the interest rates rise in the next five years. Response: we can enter into another arrangement at any time if we see rates escalating significantly. None of the rates given are fixed beyond the five years and would go up at the same rate.

Projected Income 2012 (See table below*)	\$1,908,080
Anticipated Shortfall	- 143,141

Discussion:

The offerings for the fourth quarter of 2011 were the strongest ever. More units pledged this year than ever before. 67% of the available units are giving regularly. Average giving per unit is \$3200. There was a large miscellaneous donation from an unexpected Trust Fund disbursement.

Each line item was looked at one at a time and amounts are conservative.

About the shortfall – we don't usually spend our entire budget, we hope to bring in new families and the rest we take on faith that God will provide.

The Budget Resolution was unanimously accepted by voice vote.

Closing Remarks:

Chairman Bill Goodwin shared closing thoughts, remarking about the possibilities that 2012 holds for Heritage and what God has in store for us. He urged the leaders of the church to share the excitement with others.

Dr. Dan Mullett, Lay Leader, closed the session with prayer.

Respectfully submitted,

Sue Blanchard, substitute secretary

(See Anticipated Income Table, next page)

****Anticipated Income for 2012** Heritage United Methodist Church,
Updated 1/9/12

Category	Number	Given as of 12/31/11	Projected 2012
Pledged	379	\$1,189,011	\$1,361,717
Non-pledged Givers	153	\$574,884	\$384,198
Non-pledged other		0	\$93,028
Loose plate		\$44,784	\$38,336
Misc. Offerings		\$135,617	\$30,000
Sunday School		\$209	\$221
Initial Offering		\$580	\$580
Total Anticipated Income		\$1,945,085	\$1,908,080