

Vestry Meeting
April 27, 2021
Approved
MEETING MINUTES

		Interim Rector	Interim Rector
		<input checked="" type="checkbox"/> The Reverend Carol Cole Flanagan	<input checked="" type="checkbox"/> The Reverend Meg Ingalls _[kb1]

		Senior Warden	Junior Warden
		<input checked="" type="checkbox"/> Emily Pierce	<input checked="" type="checkbox"/> Adebayo Lanionou

Vestry			
<input checked="" type="checkbox"/> Henry Mulzac (22)	<input checked="" type="checkbox"/> Emily Correll (23)	<input checked="" type="checkbox"/> Charlie Griffiths, Treasurer	
<input checked="" type="checkbox"/> Peter McCabe (23)	<input checked="" type="checkbox"/> Bryant Trost (24)		
<input checked="" type="checkbox"/> Michelle Kang (22)	<input checked="" type="checkbox"/> Peggy Jillium (24)	<input checked="" type="checkbox"/> Kathy Bisselle, Secretary	
<input checked="" type="checkbox"/> Diana Locke (22)	<input checked="" type="checkbox"/> Victor Ban (24)		
	<input checked="" type="checkbox"/> Bola Adeolu (23)		

Carol opened the meeting with devotions.

Everyone introduced themselves at this meeting because we have new Vestry members. It was noted that Charlie will step down as treasurer in July.

Victor explained the letter agreement circulated to the vestry ahead of the meeting. In summary, the letter states that Victor will serve on the vestry in his personal capacity only, and not as a representative of his law firm employer. Accordingly, there is no attorney-client relationship between his law firm and the church; nor are communications to/from Victor protected by the attorney-client privilege. Carol will sign the letter on behalf of the Church.

Approved

March 23, 2021 Vestry Minutes

The Sacred Ground Declaration will be presented at an Adult Forum, date undecided. Below is what Victor has written for reference:

The vestry was very appreciative of your initiative and the thought that went into the declaration, and identified two potential ways to build on your efforts:

- 1) incorporating some of the language into the church's mission statement in its new bylaws
- 2) organizing an Adult Forum event, which I recall was already discussed as part of our Sacred Ground follow-up actions

Below is what Gary Correll's presentation to the Vestry. Please see attached: [Proposal for the Settlement of the PNC Loan and SWAP Contract](#) written by Gary Correll.

DRAFT MINUTES PARAGRAPH-

At this point, Gary Correll, former CEC Treasurer, was invited to the meeting to present an alternative proposal for dealing with the shortfall on anticipated sale of the Jefferson Building as outlined on a two-page handout. He noted that it is likely that that the proceeds on sale of the Jefferson Building will fall short of the amounts needed by about \$350,000 to \$400,000 to cover closing costs and shortfall on the Mortgage balance and about \$550,000 to \$600,000 to terminate the Swap contract. As an alternative to covering this shortfall with a new loan, he suggested that the Church had substantial resources that could be used to pay the closing cost shortfall, specifically by using a portion of the \$248,828 in the Wesbanco account, the \$278,097 in the Wells Fargo account and the \$233,014 of accumulated distributable interest plus \$138,411 of anticipated current year distribution in the Endowment. In addition, there are some \$400,000 of old pledges outstanding from the capital campaign which may be partially collected.

The Swap contract is a separate agreement only between PNC and the Church and was designed to stand alone whether or not the Mortgage continued. PNC should agree to allow the Church to leave the Swap contract outstanding and continue to make the varying payments due over the remainder of the term. Gary stated that PNC had agreed that this was allowable at inception and that the MHHEFA state tax exempt issuer was intentionally not a party to the Swap, only the Mortgage. Paying only the closing costs shortfall out of existing funds should still leave more than \$450,000 in reserves to support the school and other needs.

PNC must consent to this approach; however, Gary said that the PNC headquarters in Pittsburgh controlled the Swap, not the local manager, and should support continuing the contract. Gary also indicated that some CEC donors had offered to make continuing gifts to reduce the Swap cost, and to protect the Church against any increase in Swap payments, by capping the Church's responsibility for continuing Swap payments at

\$5000 per month. The payments under the Swap will automatically go down by a small amount each month and may also go down exponentially as interest rates generally go up. This approach limits remaining payments to a manageable amount and retains the opportunity for the Church to profit by increases in interest rates.

Leaving the Swap outstanding is preferable to taking out a new loan as it should leave the Church with increased flexibility in dealing with future challenges. Specifically, all existing assets, including the Hillstrom and Thompson houses and Endowment remain unencumbered, there is no fixed continuing loan obligation with Swap payments less than projected loan payments, new loan origination costs and Diocesan approvals are avoided and the current opportunity to profit from interest rate increases remain. PNC may need some assurance of the solvency of CEC as a swap counterparty. This could be provided by continuing the Liquidity Covenant (promise to maintain a minimum balance in Endowment) in the existing Mortgage along with a Negative Pledge over the Endowment (promise not to pledge or place a lien on those assets in favor of another party). Alternatively, the Diocese could and has provided similar guarantees for other parishes. Meg indicated that the Diocese had indicated that they would consider a request for assistance but did not promise anything.

Gary concluded that the elements of this alternative would need to be in place prior to the closing of the Jefferson Building sale. PNC needs to be approached soon. Of course, it is not possible if the sale falls apart. In addition, the Church needs the cooperation of PNC and he suggested that taking a confrontational approach to the bank would be non-productive. At this point Gary left the meeting.

Questions followed and Meg said the Diocese is willing to help us.

We need to vote on funding from the endowment income for school for the closing and moving expenses, Meg, Charlie, Diana, Peggy, and Gary will meet to discuss this.

The Vestry allotted up to \$10,000 for two structures Meg needs.

Motion Passed

We will use CES reserve funds for storage buildings, chancel lights and electrical and IT expenses related to the move.

Victor discussed the classroom rental fee for a potential weekend language school which will be based on the county fee schedule. The schedule would be on Saturdays from nine o'clock until six o'clock and Sundays from two o'clock until six o'clock. This schedule will need to be work out considering church functions and Michelle's functions. We will vote on this later.

Meg said three Confirmations will take place on:

May 1, 2021 Washington National Cathedral

May 9, 2021 Bishop's Visitation – CEC Vestry and their families invited to join

May 23, 2021 CEC – Baptisms and Confirmations

Bill Thompson will chair the committee for the Seminarian in the fall. Let Meg now if you can recommend other people who would be willing to help Bill.

Victor stated that CES bylaw's will be completed by June. Carol and Peter are working on the parish bylaws. Victor offered to assist. Please let Carol know if you are willing to help.

Adjournment 8:48

Respectfully submitted,

Kathy Bisselle

Attachment

