

St Mary on the Hill Catholic Church
FINANCE COMMITTEE

Minutes
March 19, 2013

Finance Members Present: Bill Cashin, Don Bailie, Patti Leopard, Gene McManus, Matt Nieman, Jim Purcell, Joe McBride, Mary Beth Mitchell and Dori Thorstad. **Absent:** Fr Jerry Ragan, Pat Douglas

Also present: Charlie May and Tim Mirshak, **Managers, School Bond Escrow and Bond Payable Accounts**

Bill Cashin called the meeting to order at 5:05pm and, in Fr. Jerry's absence, led the group in an opening prayer.

Bond Collateral Account: After the December 11, 2012 finance meeting there were questions and discussion between Jim Purcell, Bill Cashin, Dori Thorstad and Fr Jerry regarding the school bond. It was decided to invite Charlie May and Tim Mirshak, managers, to attend the next finance meeting. At the present time the balance of the bond is \$2,443,750 due to be paid in full Sept 1, 2020 (please see attached report of the Escrow and Bond Payable Accounts distributed at the meeting). Also, the Bond Collateral Account, required by the Diocese of Savannah before approval of the bond issue, has a current balance of \$2,500,000 (beginning balance of \$1,500,000 – 09/01/2000). Questions raised:

- Can the bond be paid off since the collateral account is currently greater than the balance of the bond?
- Can the current budgeted amount of \$300,000 for the Escrow account (monies designated for the sole purpose of paying the bond, associated fees and interest) be reduced?
- If not used for the payoff of the bond can St Mary on the Hill Catholic Church establish an endowment fund or trust fund for the funds in this account to be deposited when the bond is paid in full.

Tim Mirshak began the discussion with a brief history of the decision to finance the school renovation and addition of the gym/cafeteria of 2000 in this manner. At the time it was a fairly new concept but used by other schools in the area – Augusta Prep being one. The interest charged is adjusted weekly and has been minimal, much less than the 3.6% (% excludes the 1.1% used to cover additional fees) average used in the projected bond cost analysis done initially, thus saving the parish hundreds of thousands of dollars over the past 12 years when compared to more conventional financing. He also mentioned that several years ago representatives from Wachovia (bank which financed the bond) approached the parish about locking in an interest rate (at appx 4%) for the remainder of the bond and after much research they concluded it would not be to the parish's advantage to do so – and this turned out to be the case as we have continued to pay historically low rates. Both he and Charlie feel there is no need to pay the bond off with the current interest so low. They also pointed out that St Mary's is 71.875% of the bond, Aquinas is 28.125% and AHS does not have the resources to pay their part of the balance at this time. Based on the terms of the bond, there may be other fees as well, should the decision be to pay early.

Charlie May reviewed the payment schedule and escrow funding for the remainder of the term of the bond (paid in full in 2020). A report is attached which shows this in detail. The recommendation is to keep the annual budgeted escrow transfer at \$300,000. It was noted that the original escrow amount was \$360,000 annually, reduced to \$324,000 in fy2010 and to the current amount of \$300,000 in fy 2011 - again due to the historically low interest rates.

Regarding the holder of the collateral funds, Tim pointed out that initially the account was on the Diocesan Books and their accounting/auditing firm recommended this account be on the parish's books since the \$1,500,000 deposit was made with St Mary parish money, not Diocese of Savannah funds. Jim Purcell is to contact the DOS attorney to discuss setting up an endowment or trust fund.

Charlie May also presented his recommendation for the collateral account when the bond is paid in full (2020) – have a legal document drawn to establish a church endowment fund. To do this, long term planning is key in order to develop clear guidelines for the use of the fund earnings.

Minutes: The minutes from the December 11, 2012 meeting were approved.

School Bus Proposal: Joe McBride presented a proposal for a bus (attached), drafted by Steve Hagler and Charles Whatley – school commission members. After discussion the committee agreed pending the outcome of a meeting Joe has scheduled with Fr Mike Ingram, regarding the level of marketing Fr Ingram will allow at St Teresa's and also assurance of his continued tuition assistance for his active parishioners who attend the area Catholic Schools.

Financial Reports: The fytd February, 2013 financial reports for the church, school and endowment funds were mailed to the committee for their review prior to the meeting. No new concerns were raised.

Pledge/Giving Data: Calendar year 2012 giving report was mailed to the committee prior to the meeting for their information and review. 1538 registered parishioner gave gifts totaling \$3,785,971 while year to date pledges were \$3,168,000. Of the 1538, 646 registered families gave gifts of \$643,448 but made no pledge, 864 with pledges had gifts of \$3,143,388. Of these 332 were behind on their pledge by \$236,517, 411 were over by \$212,209.566

The next meeting is scheduled for June 11, 2013 at 5pm in the parish hall to review fy2014 budgets. There being no further business the meeting adjourned at 6:30 pm.

Respectfully submitted,

Dori Thorstad