



## **DEBT REPAYMENT and BUILDINGS & GROUNDS MAINTENANCE AND REPAIRS- MODIFIED MOTIONS FOR VESTRY MEETINGS 01/09/17 AND 01/17/17**

The motions proposed herein are based upon research and represent significant and prayerful deliberation and conversation by the Vestry over the past year. As with any plan that runs multiple years, it should be regularly reviewed. In this instance, it is recommended that Finance Committee review the progress and report to Vestry at least annually and recommend any adjustments necessary based upon new circumstances.

### **1. Motion regarding debt repayment (Starts 2017: occurs over one year):**

- a) Approve a special draw (in addition to the annual 5% draw used for operating expenses) from the SJC Endowment Fund up to a maximum special draw of \$2,100,000. Proceeds are to be calculated to payoff entire balance on line of credit, payoff internal fund transfers, and provide working capital for operations. Transaction to be completed no later than later than 1/31/17.
- b) Approve a reduction in line of credit from \$5,000,000 to \$500,000 effective immediately upon repayment of outstanding balance on line of credit in (a) above and no later than 1/31/17.
- c) Approve renewal of \$500,000 line of credit and spending authority on that line of credit through 12/31/17. The line of credit to be repaid in full no later than 1/31/18. Line of credit should revolve during year as it is for timing purposes and not for permanent borrowing.

### **2. Motion regarding funding for buildings & grounds maintenance and repairs (Starts 2017: occurs over next four years but no later than 12/31/20):**

- a) Approve maximum special draw of \$2,000,000 from SJC Endowment Fund to fund critical repairs and maintenance of the Cathedral Buildings & Grounds. Draw to occur no later than 6/30/17. This amount includes funds previously approved of \$353,000 for immediate capital maintenance approved during the October 2016 Vestry meeting.

It is noted for this section 2; the motion only approves the draw from the SJC Endowment Fund. All other necessary approvals are to be obtained prior to expenditures per standard SJC Budget Process and Procedures. Funds will be expended based on actual work to be completed, documented through the annual budgeting process, monitored through finance committee, and reported to Vestry by Finance and Buildings & Grounds.

### **3. Motion regarding annual draw percentage for operating budget (Starts 2017):**

- a) Continue the existing 5% draw calculation (based upon 13 rolling quarters) on entire endowment fund balance for the next 3 years (2017, 2018, 2019). The 5% draw calculation is based upon the overall Endowment Fund and the actual percentage allocated to each component may be different.
- b) In order to reduce reliance on the Endowment Fund to support and fund operations and to be prudent and consistent with current market knowledge on the appropriate percentage to draw, the annual percentage rate drawn will be reduced beginning with the 2020 annual budget. Therefore, effective with the 2020 annual budget, the annual draw percentage on the entire endowment fund balance is to be reduced by a minimum of 1/4% (.25%) per year until the draw percentage equals 4%. Thus, the maximum draw percentage is 5% through 2019, 4.75% for 2020, 4.5% for 2021, 4.25% for 2022, and 4% for 2023 and beyond.
- c) Beginning in 2018, the calculation of the draw percentage will change to be based only upon assets in the Investment Fund plus any interest-bearing notes/obligations held in the Endowment Fund. The draw percentage on any interest-bearing note/obligation shall be the lesser of the interest rate paid on the note/obligation or the draw percentage for the Investment Fund (i.e. 4% as of 2023). To be eligible for inclusion in the draw calculation, any note/obligation must be current and interest payments received at least quarterly. Assets such as houses and other non-income producing assets will not be used in draw calculations and only liquid, marketable securities/cash and interest bearing notes/obligations will be used from 2018 forward.