

Beechwood Property Committee

October 17, 2013

Roxy Wolfe (Jr Warden), Earle O'Donnell, Bill Fry, Scott Cotter (Treasurer), Mike Belt
Absent: Brad Kennedy (Property Co-Chair)

This group convened for the first time, gathering at the request of the Finance Committee and the Vestry, and tasked to explore questions related to planning for the Beechwood Road ("Rectory").

While this property has been known as the "Rectory," it has not served that function for much of the past 20 years. We will, therefore, henceforth refer to it as the "Beechwood Property."

Undoubtedly, the Beechwood Property has great value. There would be a value in keeping it, and there would be value in selling it. It was purchased for a purpose, which it has served; however, that purpose has evolved. The Beechwood Property Committee will work to neutrally evaluate and to elaborate the pros and cons of keeping and of selling the property.

Keeping the property:

One question to be evaluated is whether the property would likely serve again for clergy housing. Does a rectory attract Rector Candidates?

While the property could again serve as housing for clergy, keeping the property would most probably mean maintaining it as a rental. In that, it brings in monthly rent (income).

As a rental, it incurs costs and loss of income (expense) when it is vacated, updated, and rented again. It also incurs cost when there are problems to be addressed. Keeping the property at this time (2014) will mean committing \$30K to upgrade with a "facelift" renovation to the kitchen and powder room.

As a rental, the property rents for \$5,510. After costs (realtors fees) it contributes XXXX monthly to the parish. As a rental, the property returns the net profit to the budget to pay clergy housing costs. (The rent income is XXX more than the cost of the Rector's housing allowance.) Covering the cost of the Rector's housing is key.

Selling the property

While the property may attract clergy, there are other ways to attract Rector candidates. For example, were it to be sold for \$1 million, the interest drawn on the equity (4% on \$1 million) could be used to endow clergy housing into the future.

Because the loss of parking is a real threat to our growth, one consideration may be the parking and new development of parking lot. Were the Beechwood Property to sell, might the proceeds be used (in part) to fund the purchase of parking rights? In that scenario, we would no longer budget to pay for parking, and would gain income (charging O F School for parking).

Finance Questions and Considerations:

- 1) Which is more valuable or offers the best return: borrowing against the property or cash that can be applied?
- 2) Is there a better rate of return with a liquid asset?
- 3) The property acts as collateral for the \$350K Organ/Renovation loan.
- 4) Scott has investigated and reported that the Congressional Bank can beat the (current) loan rate at Eagle Bank. An interest –bearing collateralized loan will drive down the interest on the existing loan.

Diocese Considerations: Legally, the property belongs to the Diocese. John Welch and Wilson Kranke will know of the current practices of the Diocese Standing Committee.

Action Items:

- 1) Get contact information for Sue Bader to other committee members / Bill Fry -- Roxy
- 2) Write a summary for the Crossroads newsletter -- Earle
- 3) Ask the Op Shop leaders to make known that we would welcome a representative to this working group -- Roxy (done)
- 4) Ask John Welch: how would the Diocese respond to the notion of using the proceeds from a sale to purchase parking --Roxy
- 5) Questions for Sue Bader -- Roxy
 - a. What is the value of the property? provide a valuation of the property, with / without gross & net breakouts
 - b. can we sell a house that has tenants
 - c. if we rent, we need to have a lease that vacates in June
- 6) Budget forecasts / the base case (rent or sell) -- Scott
- 7) Ask John Welch: What Region 3 parishes have gone through the process of selling a rectory -- Roxy
- 8) Develop a list of questions -- committee
- 9) . . . and then discuss the situation / options for clergy with local clergy (Susan Flanders; Sari; Sarah; others). -- Committee

Next meeting: November 11; 7:30PM