

GRACE PRESBYTERIAN CHURCH
SESSION MEETING MINUTES
HOUSTON, TEXAS
April 15, 2018

MODERATOR

The Rev. Dr. Trey Little

STAFF IN ATTENDANCE

The Rev. Chris French, Associate Pastor; The Rev. Chad Erb, Associate Pastor; Susan McElroy, Executive Assistant; Beth Craig, Coordinator, Special Projects; Angela Wade Simpson, Guest Services and Messaging

The Session of Grace Presbyterian Church, Houston, Texas met in a STATED MEETING on April 15, 2018 at 12:30 pm.

Attendance:

Elders Present: Candy Aldridge, Vic Condrey, Francisco Garibay, Evan Ghazi, Jenny Gottschalk, Jerry Hanlon, Jim Leeland, Terry Looper, Mike Mantel, Keith McElroy, Dan McElyea, Stephanie Mixon, Greg Morby, Hardie Morgan, John Murphy, Philip Parker, Tami Plummer, Keeke Russo, Jo Swank, Ted Teinert, Jim Tomforde, Gindi Vincent, Woody Woodruff, Greg Zuanich

Excused: Deb Castillo, Stephanie Husmann

Absent: John Meloy

Also attending: Lisa Schwartz, Josh Weber, Scott Hollingsworth – SLI Group

Trey Little opened the meeting and Chad Erb led the Session in prayer.

Clerk's Report & Administrative Matters: Candy Aldridge presented the Consent Agenda for approval. A motion was made to approve the agenda and attachments. It was seconded and approved.

New Business:

- Confirmation Class – Chad reported that the 2018 Confirmation Class is in the closing days of preparation for presentation to the congregation as confirmands. May 13 is Confirmation Sunday. Confirmands will be presented to the congregation at 9 a.m., meet with the Elders at 10 a.m. for examination and then be presented to the 11:15 congregation as having been accepted by the Elders.

Conversations About Key Strategic Opportunities:

1. Spiritual Formation Retreats – commitment to this cohort has not reached critical mass, but Chad is trying to provide the opportunity for those who committed to participating.
2. Ready ourselves for the present and future - a continuation of the discussion from the past two Session meetings regarding the Facilities Improvement Team recommendation improving the Grace campus to be more welcoming. To prepare for the discussion, the Elders began a time

of prayer at each table for courage for souls who are at Grace now and those not yet here, and for stirring our hearts and for revival.

After voicing our prayers, the Session was asked to consider two proposed resolutions pertaining to Phase One and Phase Two for maintenance and improvement of the Grace campus. Hardie summarized the two resolutions in the Session packet.

- Resolution 1 (attached): approves the concept of a three-phase project recommended by the Facilities Improvement Team for the Grace campus, sets initial scope and cost estimate for Phase One, includes an external missional component during fundraising, approves contract with the architect, authorizes Senior Pastor to initiate a capital campaign, sets a goal of no long-term debt and sets a cash reserve goal for Grace.
- Resolution 2 (attached) pertains to providing clarity to the conceptual financing framework of Phase Two with Grace School through the School's accumulated cash reserves, fundraising and long-term debt. The resolution includes caps and guardrails. Final scope and funding are subject to approval by the Grace School Committee and the Session.

After a vigorous and productive discussion ensued, the Session considered the two resolutions.

A motion was made to approve the attached Resolution 1. It was seconded and unanimously approved.

A motion was made to approve the attached Resolution 2. It was seconded and unanimously approved.

At the request of the Elders, Hardie will create a Resolution 3 to address a spiritual commitment to accompany this undertaking.

Hardie Morgan closed the meeting in prayer.

The next Session Meeting will be held Tuesday, May 15, 2018, 7 p.m. in Library.

Respectfully submitted,



Candy Clarke Aldridge
Clerk of Session

RESOLUTION 1

WHEREAS, in May 2016 the Session of Grace Presbyterian approved a resolution authorizing Grace to pursue a capital campaign and enter into a Part 1 Design Build Agreement for combined church and school improvements totaling approximately \$25,000,000 (with the potential to growth to a maximum of \$33,000,000 with the addition of a new lower school).

WHEREAS, further study has resulted in refinement of the improvement plan and the related capital campaign to break the project and campaign into three distinct phases; now, therefore, be it:

RESOLVED, that the May 2016 resolution be rescinded.

FURTHER RESOLVED, that the conceptual framework of a three-phase project be adopted as outlined in Attachment 1. This framework is conceptual only and is designed as a guide to future planning and is a non-binding plan.

FURTHER RESOLVED, that the expected scope and cost of Phase 1 is to be as outlined in Attachment 2. The final scope will be determined based on the total funds actually raised and will be subject to final Session approval at a later date.

FURTHER RESOLVED, that it is anticipated that Phase 1 will include funding for an external mission component in an amount equal to approximately 20% of the expected internal costs of Phase 1. The precise nature and distribution of these external missional funds is to be approved by the Session at a later date.

FURTHER RESOLVED, that the Senior Pastor of Grace or his designee is authorized to execute a Part 1, Design Build Agreement with the SLI Group for the expected scope of Phase 1 as outlined in Attachment 2. The costs incurred pursuant to this agreement shall not exceed \$250,000.

FURTHER RESOLVED, that the Senior Pastor of Grace or his designee is authorized to initiate a campaign to raise the necessary funds to complete Phase 1. The Senior Pastor may engage consultants and incur expenses in connection with this campaign in amounts not to exceed \$225,000. (Note: \$75,000 of this represents the fee to Generis which has been underwritten by a gift designated for this purpose).

FURTHER RESOLVED, that in no case should Grace incur any long-term debt in connection with the financing of Phase 1 (other than any interim construction financing that at any time shall not exceed the amount of non-contingent gift pledges outstanding for Phase 1).

FURTHER RESOLVED, that subsequent to the completion of Phase 1 (including the external mission component), Grace shall retain a minimum cash reserve of \$2,000,000.

Attachment 1

Project Phasing

- Phase 1 – Church public space improvements, expansion of Massey Tucker building and infrastructure upgrades and refurbishment. External missional component.
- Phase 2 – Construction of new school on remaining shopping center tract.
- Phase 3 – Refurbishment or removal of vacated school buildings including renovation of Learning Center for Children’s Ministry.

**Attachment 2
Phase 1 Scope**

Sanctuary/Welcome Center Improvements	\$2,720,000
Massey Tucker Addition/Improvements	1,990,000
South Entry Porta-Cochere Addition	340,000
Courtyard Improvements	100,000
Chapel Refresh & Flooring Replacement	76,000
Infrastructure Repair and Replacement	1,990,000
Contingency (10% of non-repair costs)	520,000
Campaign Costs	<u>264,000</u>
TOTAL INTERNAL COSTS	\$8,000,000
External Missional Component	<u>1,600,000</u>
TOTAL PHASE 1 COSTS	\$9,600,000

RESOLUTION 2

WHEREAS, the Grace School Committee has developed a conceptual financing framework for the costs of the improvements to Grace School which would occur as part of Phase 2 of the proposed three phase capital project. This framework calls for the Phase 2 costs to be funded through accumulated cash reserves, fund raising and long-term debt.

RESOLVED, that the Session supports the Phase 2 conceptual financing framework pursuant to which Grace School would fund the Phase 2 costs through accumulated cash reserves, fund raising and long-term debt. This support is subject to the following constraints:

- That any debt issued to finance Phase 2 (excluding interim construction financing that at any time shall not exceed the outstanding amount of non-contingent gift pledges for Phase 2) shall not exceed the lower of:
 - Eight times the average annualized Grace School net operating cash flow for the prior 36 months.
 - 40% of total Phase 2 costs.
 - \$8,000,000.
- That annual debt service (excluding the debt service on interim construction financing that at any time shall not exceed the outstanding amount of non-contingent gift pledges for Phase 2) shall not exceed 1.75 times the average annualized Grace School net operating cash flow for the prior 36 months.
- That Grace School retain a minimum operating cash reserve (excluding any amounts collected in advance for tuition for future periods) of \$1,000,000 to be distributed, if required, in accordance with the Grace Church and School Expenditure Approval Policy.

FURTHER RESOLVED, that the final scope and funding of Phase 2 is subject to future approval by the Grace School Committee and the Session