



St. Austin Catholic Parish

Parish Leadership Meeting

March 2016

Trish Dolese

Chair, Parish Finance Council



Agenda

- 1. Campaign Update**
- 2. Recap of Existing Debt**
- 3. A New Proposal**
- 4. Feedback**



St. Austin Catholic Parish

Capital Campaign Update



Campaign Update - Revenue

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- **Revenues:**
 - **\$4.0M Goal**
 - **\$4.6M Pledges/Gifts** (as of 1/31/2016)
 - **\$3.331M Received** (as of 1/31/2016)
 - **\$1.241M Collectable Pledges**
 - **96% Collection Rate**
 - **\$1.293M Outstanding Pledges**
- **\$2.317M Cash on hand** (as of 1/31/2016)



Campaign Update - Expenses

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- **Total Expenses: \$1.013M** (as of 1/31/2016)
 - **\$175k Capital Campaign**
 - **\$89k Architects Fees** and other Professional Services
 - **\$750k Debt Repayment**



Projected Expenses

St. Austin Catholic Parish

- **\$3,959k Remaining Projected Expenses**
 - **\$111k Cathedraticum**
 - **\$133k Architect Fees**
 - **\$3,170k Construction Estimate**
 - **\$10k Permitting**
 - **\$280k Construction Contingency**
 - **\$254k Owner's Contingency (8%)**



Recap

- **Total Revenues: \$4,573k**
 - Cash remaining: \$2,317k
 - Remaining: \$1,241k
 - **Total Available: \$3,559k**
- **Total Expenses: \$4,973k**
 - Incurred already: \$1,013k
 - **Remaining: \$3,953k**
- **Projected Deficit**
 - **\$400k**



So what is being done?

- **Goal is to not incur more debt**
- **Project carries high contingency projections (>\$500k) which may not be needed**
- **We have asked that certain items be delayed or removed from scope**
 - **Covered walkway**
 - **Replacing rectory windows not otherwise affected**
 - **Slot windows on church façade**
- **DOA finds budget acceptable**
- **New Money Still Coming In (\$100k)**



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Existing Debt Recap



What we own/bought

- **MLK Garage Land in 2003 for \$1.9M**
- **Guadalupe properties in 2004 for \$.93M**
- **A parking garage in 2008 for \$8.2M**
- **We've spent \$11.03M on purchases**



A recap of existing debt

St. Austin Catholic Parish

- **Monthly payments of \$75k**
- **Strain on operations to make principal payments for MLK Bridge Note**
 - **\$750k payment in July 2015 did reduce annual payments by over \$175k**

Property	Purchase Price	Original Loan Amount	Balance at 12/31/2015	Terms	Annual Payment	When Done?
2000 Guadalupe	\$462,331	\$462,331	\$169,211	15 Yr @ 6.14%	\$45,769	Feb. 15, 2020
2002 Guadalupe	\$466,333	\$466,333	\$169,759	15 Yr @ 6.14%	\$45,917	Feb. 15, 2020
MLK Land	\$1,979,520	\$1,979,520	\$809,692	15 Yr @ 6.14%	\$219,011	Feb. 15, 2020
MLK Bridge Note	\$8,264,428	\$2,525,000	\$1,775,000	5 Yr @ 6.83%	\$420,048	5 Years from sta
MLK Garage		\$1,723,113	\$1,611,823	20 Yr @ 7.21%	\$162,928	Jul. 1, 2033
Total	\$11,172,613	\$7,156,297	\$4,535,485		\$893,673	



The Existing MLK Bridge Note

- **5 years; 6.83% Fixed**
- **Current balance owed: \$1.775M**

	July 2016- Sept 2017	Oct 2017 – June 2021	Total
Interest Payments	\$136K	\$189	\$325k
Principal Payments	\$389k	\$1,386k	\$1,775k
Total Payments	\$525k	\$1,575k	\$2,100k



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A New Proposal



A Way to Refinance

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- **Payoff MLK Bridge Note with existing capital campaign cash on hand**
- **Obtain new construction loan for current project**
 - **Prime +1% = 4.5%**
 - **Interest only payment option during construction**
 - **Payoff portion of new loan with remaining capital campaign proceeds**
 - **Convert remainder (no more than \$1.775M) to new bridge loan**
 - **Prime + 2% = 5.5%**



A New Note...

- **2 Pieces totaling \$3.061M:**
 - **\$1.775M (Towards construction)**
 - **\$1.241M (Campaign Receipts)**
- **With existing cash this provides at least \$3.5M towards remaining construction costs**
- **Interest savings could be directed towards project as well**



The Construction Piece

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	July 2016- Sept 2017	Oct 2017 – June 2021	Total
Interest Payments	\$89K	\$150	\$239k
Principal Payments	\$407k	\$1,368k	\$1,775k
Total Payments	\$496k	\$1,517k	\$2,013k

- **Real Savings**
 - **\$29k (July 2016 – Sept 2017)**
 - **\$58k (Oct 2017 – June 2021)**
- **Principal could be paid**



What Else Would Happen?

- **A Loan for remainder of Capital Campaign Proceeds**
 - **\$1.241M**
 - **\$37k interest payments (Jul 2016-Sept 2017)**
- **Bottom Line – The Loan would cost us \$8k in additional funds in the shorter term**
- **But save us \$50k in the longer term**



Key Commitments

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- **Goal is to not end up with more debt than we currently have**
 - **We are simply taking advantage of lower interest rates**
 - **Yes, rates could go up, but likely not to the level of our current note**
- **Should the situation with respect to our debt load change, we would seek parish guidance**
- **We will continue to seek ways to make principal payments on new note during construction**



Financial Details

St. Austin Catholic Parish

Campaign Income	1/31/2016
Capital Campaign Pledges	\$4,430,294
Capital Campaign Gifts	\$194,643
Total Gifts and Pledges	\$4,624,937
Total Paid to Date	\$3,331,712
Outstanding Pledges	\$1,293,224
Uncollectable (4%)	(\$51,729)
Remaining to be Collected	\$1,241,495
Expenses to Date	1/31/2016
Capital Campaign Expenses	(\$174,896)
Architect Fees	(\$87,316)
Other Professional Services	(\$1,650)
Debt Repayment	(\$750,000)
Total Expenses	(\$1,013,861)
Existing Cash On Hand	\$2,317,851
Remaining Pledges	\$1,241,495
Interest Savings (No Payment Mar-Jun 2016)	\$40,411
Interest Savings - Debt Refinancing	\$86,139
Total Income Available	\$3,685,896
Remaining Anticipated Expenses	
Interest on Interim Financing	(\$37,245)
Cathedraticum	(\$111,735)
Remaining Architect Fees	(\$132,684)
Remodel Estimate	(\$3,170,713)
Project Manager's Contingency	(\$280,383)
Permitting & review fees	(\$10,000)
Owner's contingency (8%)	(\$253,657)
Total Anticipated Expenses	(\$3,996,417)
Projected deficit	(\$310,521)
Projected deficit w/o contingency	\$223,519



Feedback

- **2/22/2016 - Finance Council unanimously recommended that the Pastor proceed with paying of the existing MLK bridge note and affirmed the Key Commitments**
- **3/8/2016 – Pastoral Council unanimously concurred with Finance Council recommendation**
- **3/10/2016 – Campaign Leaders unanimously concurred with Finance Council recommendation**