

CAPITAL CAMPAIGN COMMISSION

Frequently Asked QUESTIONS

Who is currently on the commission and what are their roles?

Bob Rhodes – Chair
The Rev. Greg Hodgson – Clergy Liaison
Crystal Jonkman – Organ Committee Liaison
Nic Tulou – Organ Committee Representative
Bruce Bass – Construction
Don Spriggs - Fundraising
Anthony Creech – PR
Courtney Van Winkle –
Doug Sinclair –
Ed Fraher - Architectural

Rod Brown has resigned

How is the commission doing?

Who is active?

How is morale?

Does the commission need additional resources, people, or information to help them perform their work?

The commission did not meet during the summer of 2009 due to schedule conflicts resulting from vacations and other commitments. As of September 2009, the commission is back on schedule. All committee members are active participants.

With respect to morale, it is realistic to confirm that the members have experienced various degrees of frustration for a wide variety of reasons. *However, it must be stressed that when the commission met on September 14, 2009, we left with a renewed sense of commitment, purpose, and solution-oriented thinking.*

With respect to additional resources, people, or information, the commission has set an internal goal of doubling its size. Each member has been asked to recruit one new additional member, so as to better involve the whole church in the process. Also, it is imperative that the commission increase efforts to follow up with individuals who have communicated that they are canceling or withholding a pledge. For this we will need additional commission participants. Also, it is hoped to reopen a designated Capital Campaign website, and this will likely require a commitment to pay for it.

How is work progressing on a revised Business plan?

What areas of the business plan are fine as originally written?

In what specific areas is re-thinking required?

What ideas for solution is the commission currently entertaining?

The commission endeavors to have a revised Business Plan available to the Vestry in draft as soon as practicable.

In general, the original Business Plan is considered to be realistic and viable for the time it was prepared. However, certain aspects of the plan were based on factors which have since changed:

- Leading economic experts around the world with much greater financial knowledge than we at St. Michael's did not anticipate the severity of the lending pullback that occurred shortly after our project was green-lighted. After 15 years of discussion and planning and only 9 months after our campaign's official launch, the largest economic re-organization since before World War II occurred. Our original business plan and financials had been shared with more than one bank and these banks indicated that we should have no difficulty financing the project. Unfortunately, with the sudden and unpredicted economic changes that began in Autumn 2008, that loaning environment changed drastically. As a result, the business plan will not currently work as originally conceived and we must become creative to realize the parish's vision.
- The pledge total from the parish has changed. Several parishioners have withdrawn or delayed their pledge commitment. In some cases, this is a "wait and see" decision. In others, parishioners have canceled pledges based on an expressed disagreement with the campaign. While new pledges have also been received, an overall reduction exists.
- A plan for a follow-up capital campaign was included in the original plan. This is no longer considered an option as originally conceived; however, the concept remains sound and will be revisited.

As will be discussed below, the commission is investigating a variety of ongoing fund-raising options. The participation of St. Michael's School is considered the most critical.

What are the Commission's current activities?

What frequency of commission or community meetings are occurring and planning to occur going forward?

What regular and special occurrence communications to/with the community are planned?

What fund raising activities are planned?

What plans does the commission have for involving the vestry or the community in the decision making process?

Has there been any follow up with those who have communicated that they are temporarily withholding their pledge?

The commission will meet at least monthly, and more frequently when warranted. Upon vestry review and vote on the revised business plan, the commission will schedule a congregational meeting to go over the findings.

The commission will use the internal parish communication network (bulletin inserts, the Parish Link, the parish e-mail list) to communicate with the parish. We hope to re-establish a specific webpage for the capital campaign; however, this may be subject to the availability of funds from the operational budget.

With respect to fund raising, the commission is evaluating several options:

- The 2009 golf marathon appears on track for great success. The commission is evaluating a five year series of marathons.
- Developing a plan to include St. Michael's School participation
- Memorial and/or thanksgiving items such as engraved bricks, option to "restore a pew," sponsor organ pipes, keys, ranks, etc.
- Contact with former parishioners who have moved away
- Contact with all Episcopal Churches named St. Michael's with an invitation to offer support (the rector reports that he has seen this be surprisingly successful at other parishes)
- Joyful acceptance of any and all efforts from other commissions, committees and groups within the parish (e.g., the wonderful contribution from the Little Rascals).

With respect to Vestry participation, the policies and procedures of the Episcopal Church, including Diocesan Canons, will, as always, be followed. Accordingly, the commission will do the legwork necessary to make recommendations for the Vestry's decisions as appropriate. The commission welcomes suggestions and assistance from any person or group within the parish. Our goal is to see the capital campaign through to successful completion and welcome all ideas and support.

There has to date been limited follow up with those who have communicated that they are temporarily withholding their pledge. This is obviously an area needing prompt attention.

What important project milestones are we facing?

What important milestones are we facing in the Organ manufacturing?

When is the organ scheduled for delivery?

What is the likely duration between a go decision and breaking ground?

What is the likely duration between breaking ground and ready to receive organ?

The most important milestone is to achieve at least the minimum fund-raising necessary to secure a construction loan.

It is our current understanding that the organ will be ready for installation by June 2010.

It would be our hope and goal to minimize the duration between a go decision and breaking ground as much as possible, to even as short as two weeks or so. Obviously this is dependent on many factors, but the commission has always been committed to working

with other commissions, clergy, staff, and vestry to do whatever is needed to make this happen.

The contractor's stated goal is to complete the project within six to nine months, so the duration between breaking ground and being ready to receive the organ is at most nine months. Based on construction staging, this could be shortened; however, organ installation cannot begin until HVAC is operational, dust making activities are completed, and all other contractors have vacated the site. It should be noted that organ installation can occur while the renovated church is in use for worship services.

What is the financial picture going forward?

What are the future monthly cash flows for the project? For example, at each month end what do we predict to have on hand, out flows and in flows separated by restricted and non-restricted funds?

What are our total cash requirements to complete the project?

What significant donations are we expecting, counting on, and hoping for?

Of the current pledgers, how many are continuing to keep up with their pledge?

Rod Brown has been managing the finances for the Capital Campaign; however, Rod has resigned from that position. We are looking for a replacement and hope to have someone identified shortly. As soon as that person is in position we will provide a simplified financial statement that shows where we stand currently with pledges, how much of those pledges we have collected to date and any that have been held or withdrawn. The statement will also reflect committed but unpaid obligations as well as the total funding needed to complete the project.

With regard to expected but yet unpledged donations, the most immediate focus is with the Golf Marathon. We have 20 committed hole-sponsors to date which will more than cover all of the expenses of the event. All of the funds raised by the golfers will go directly to the Capital Campaign and most will be eligible to be matched. Even if this event does not bring in a huge amount of money it has helped to generate renewed excitement for the project and particularly to familiarize newer members of the parish with the project. (Note: as of October 6, 2009, preliminary numbers suggest that the Golf Marathon may raise in the vicinity of \$30,000.00 towards the Capital Campaign. Some if not all of these are eligible for matching funds from one of our parishioners).

As noted earlier, the committee is considering a number of other fundraising options and will continue to pursue them.

We will review the status of all pledges once we have identified a new finance chairman for the committee.

What room do we have to negotiate changes to the organ supply situation?

Are there any organizations interested in renting the organ until our capital campaign plan is re-established?

What is the exact wording of the organ contract regarding default, cancellation, etc?

What are all the potential solutions we have in mind to resolve the possibility of not having a building ready when the organ is ready for delivery?

What are the plus and minus with each idea?

Taylor & Boody Organbuilders have expressed willingness, within reason, to adapt to St. Michael's situation, as demonstrated by efforts to stretch out the organ construction schedule around their other work. T&B has, at St. Michael's request, provided a revised quote based on an alteration of the specifications (i.e., for a smaller organ). The Vestry saw more negative than positive in such a reduction and voted not to reduce the size of the organ.

It is always possible that another church or organization may store, rent, or use the organ; however, such an option could come at additional cost to St. Michael's (e.g., legal fees, transportation, etc.). At present, no such organization has been identified.

The organ contract does not have specific language regarding default or cancellation, so state law would apply. It should be noted that the contract was reviewed by Hairfield Morton attorneys on behalf of St. Michael's prior to signing. The following language from the contract addresses potential disputes:

(9) The Builder and Purchaser agree to consider any reasonable modification to the specifications. Such changes may alter the price and/or delivery schedule specified above. No such changes shall be authorized unless agreed upon in writing signed by both Builder and Purchaser.

(10) In the event of any dispute or litigation arising out of this Agreement, the jurisdiction for any such dispute or litigation shall be Chesterfield County, Virginia, USA, and the laws of the Commonwealth of Virginia shall apply.

The Capital Campaign Commission does not recognize default or cancellation as appropriate or even viable options for St. Michael's. The financial impact would be the same or likely higher than that of completing the contract, and the church would have neither an organ nor its reputation intact as a result.

With respect to potential solutions:

Option – Rent organ to another organization until St. Michael's renovation is complete.

See above comments

Option – Install the organ in the existing church.

The organ cannot be installed in the existing choir loft, even temporarily, because of weight and seismic issues. In theory, it could be installed on the main floor – either at the entrance or with a relocation of the altar. However, such activity would require significant and costly site preparation work, which might have to be abandoned later when the church is renovated. It would also require paying the organ builder twice for installation, and the organ would need to be disassembled and stored somewhere during subsequent church renovation. In other words, even if temporarily installed in the church, the following storage options would still be necessary during renovation.

Option – Store the organ until church renovation is complete

Taylor & Boody does not have space to store the organ long term after it is completed. Parts or all of the organ could in theory be stored unassembled at St. Michael's (i.e., in one or more of the classrooms). Although it is anticipated that the unassembled organ would be shipped to St. Michael's in crates, it might be necessary to construct, purchase, or rent storage units (shelving, cabinets, etc.) Also, some of the cabinetry may be too large to pass through a single door, potentially limiting the ability to store everything in a single room. There is also the security issue – the rooms would need to be locked at all times. This would prevent, of course, more productive use of the space for Sunday School and other purposes.

As an alternative, the church could rent secure climate controlled space at which the organ could be stored in unassembled condition. The same storage requirements would apply.

As a final storage option, it is possible that a parishioner may have access to secure climate controlled warehouse space that could be donated for temporary storage of the unassembled organ. The same storage requirements would apply.

Option - Sell the Organ

In this option, St. Michael's would accept delivery of the unassembled organ, then sell it to another organization. The sole advantage of this option would be to remove the renovation timeline challenge (assuming that a buyer could be found).

Disadvantages to this option include:

- This would most likely involve a financial loss. It will be extremely difficult to find a purchaser willing to pay a price allowing St. Michael's to break even because
 - the organ has been designed specifically for our space (size, acoustics)
 - the number of churches and other organizations in the market for a pipe organ at any given time is limited
- The church would need to absorb the costs to market the organ
- The church may need to store the organ unassembled until a purchaser is found

- To sell the organ unused would be alarmingly disrespectful to all whose donations were made towards seeing a new organ at St. Michael's. It is difficult to encourage good stewardship behavior from the parishioners if the church appears not to value the contributions of its members.
- There would be a financial ramification involved in refunding donations (e.g., should donations be refunded with interest?)
- The dangers of fostering a "can't do" attitude are severe with respect to the church's ability to inspire giving and intangible support in future capital projects, and even in our daily activities.
- Even if we were to assume that a later project could be undertaken to replace the organ, the overall cost would likely be as high or higher. Until such time, the church would need to continually designate funds for periodic repair of the current aging organ.