Draft Resolution 26.07. **3rd Floor Apartments Expenses, Repayment of Funds to Endowment**

Brought to the Vestry by: Doug Mouncey, Treasurer on Behalf of Finance Committee

Background: At a prior meeting of the Vestry, it was proposed that 50% of the annual net revenue from the rental of the 3rd floor apartments should be allocated to the annual budget and 50% as repayment to the Endowment.

At its meeting of July 13, 2026, the Finance Committee reviewed three possible options for the distribution of the net revenues from the apartments (the payback period, amount of lost earnings on the balance and amount of support to the budget):

- Each option would be impacted by the final cost of the project (the amount to be repaid), actual annual expenses and fluctuating interest rates; there are periodic rent increases
- Option 1: 50% to Endowment and 50% to annual budget: 14-year payback, Loss of Earnings on Balance $139,817 and cumulative budget support $331,920
- Option 2: 75% to Endowment and 25% to annual budget: 10-year payback, Loss of Earnings on Balance $102,493 and cumulative budget support $109,800
- Option 3: 100% to Endowment and 0% to annual budget: 8-year payback, Loss of Earnings on Balance $82,905 and cumulative budget support 0
- Advantages of Option 3 (100% to Endowment) include: the returned funds would be earning interest and allowing the Endowment to grow; withdrawals (for annual operations and time specific projects would receive a higher level of review); a possibility of favorable tax advantages; and the Liability will be removed from the Balance Sheet quicker
- Note: a separate checking account will be established for the Apartments.

Resolution: Resolved, the Vestry of St. Paul's adopts the recommendation from the Finance Committee that 100% of the net revenue from the 3rd Floor Apartments be used to repay the Endowment until the expenses of this project are paid in full.

Draft Resolution 26.07. **Parking Lot Repairs Expense**

Brought to the Vestry by: Doug Mouncey, Treasurer on Behalf of Finance Committee

Background: At the June 2026 Vestry meeting, authorization was given to accept the estimate from Salt Springs Paving Lot for the extensive repairs to the parish parking lot. Although there was an assumption that it would be necessary to use funds from the Endowment for that work, it was not clear if it would be in the form of a loan.

In recent months, the Finance Committee has reviewed concerns about the cash flow needs for operations in the next 3 – 5 years: insufficient revenue from pledges and earned revenue; an increased reliance on the Endowment Fund which reduces future income and growth: and, additional funds needed to repay the Diocesan Loan for the Open Doors project. As a result, it would not be feasible to anticipate an ability to repay an additional loan for the Parking Lot project.

Resolution: Resolved that the Vestry of St. Paul’s adopts the recommendation from the Finance Committee that the Parking Lot repairs be paid for by funds from the Endowment and that such funds are not considered a loan to be repaid.