

**ST. THOMAS MORE PARISH  
PARISH COUNCIL MEETING  
Monday, October 7, 2013**

**Council Members in Attendance:** Fr. Bill Wagner, Vic Ivers, Kathy Hornschemeier, Tom Buchheit, Larry Bush, Sam DeBonis, John Duncan, and Janet Tate.

**Council Members Absent:** Jim Conrady.

**Others in Attendance:** Mike Gennett.

The St. Thomas More Parish Council meeting was called to order by Fr. Bill Wagner at 7:00 PM EDT. He opened with a prayer.

Tom Buchheit was welcomed as the newest council member.

**Business Manager's Report** – Mike Gennett gave his update.

There were a number of projects that took place over the summer. It costs a lot of money to maintain a parish our size and issues continually come up that have to be addressed.

As previously announced, **the church air conditioner** over the altar was replaced. The old unit was 33 years old and would have cost half as much to repair with the possibility it would not last that much longer anyhow. Besides, Refrigerant 22 (R22) would continue to have to be used. R22 has been discontinued and is expensive plus hard to get. The new units are energy efficient and are having a positive impact on the two south units that don't have to "grind" like they use to. We may have extended their life. Total cost: \$44,644.00.

Eight dead or dying **ash trees** were cut down and removed. Some had been dead for a year or two while others were rapidly dying. To leave the trees could have eventually been a safety hazard or could have fallen on a

building. Three bids were obtained. Total cost to cut down and remove: \$4,850.00.

In June, we learned we had a small **natural gas leak** in Heider Hall. We re-routed the pipes and now our new gas line meets the updated code. We were fortunate this happened during the summer. Total cost to replace: \$5,576.80.

The **carpeting in the two school modular classroom buildings** was removed and replaced. Total cost: \$8,400.00.

The **Boosters embarked on two gym projects** they contributed the funding for. Each year, the gym floor is refinished and the cost was \$1,725.00. They also replaced the old lights in the gym with energy efficient lighting. Total cost was \$3,576.00. The lighting project included a 50% energy rebate.

And of course there were **other smaller projects** that included painting the outside of the school modular buildings and the Parish office. The gym lobby and bathrooms were painted as well as the school. All the floors in the school were stripped and waxed.

Our biggest project this summer, not from a cost standpoint, was the **new security installation**. The entire part of the lower church building, Heider Hall, the gym, and the modular school buildings all had the system added, 22 doors in all. All the outside doors to these buildings now are programmed for electronic access. Cards are assigned by name and number. Each time someone scans the electronic eye it records their name, card number, date, and time they enter. We can monitor all movement on line. The biggest plus to this system allows the school to be on constant lockdown. Teachers no longer have to use a key to unlock and then relock the doors. When a door is scanned it unlocks for ten seconds allowing the party to enter. The door automatically relocks when it is shut.

The second benefit of the system is to help to reduce the theft of items that takes place from time to time. Key internal rooms now have the system installed. We will be able to track who enters some of these areas in the event items disappear.

The transition has been very smooth. The biggest issue has been a few individuals were unwilling to turn in their keys and felt they could not trust the system. All the employee keys that have been requested for turn in have now been surrendered. You can't use keys in conjunction with the card reader system. The validity of the data is breached since keys don't record the entry. The locks are retained in the door for emergency access.

The system has a battery backup life of about 5 hours. Only a very small number of keys will continue to be issued to select staff in the event of a major power failure or emergency. If the power is out for that long, all activities would be canceled anyhow. The buildings would remain secure since the doors would be locked and only a key would be needed to gain access.

Employees were converted to the system in August. Parishioners without door keys have now all surrendered their keys. Parishioners will no longer have to come and sign out keys when they need entry. They will sign out a card and it will be kept. The card will be programmed when entry is required. Our goal was to have all the keys turned in and converted to the card system by October 1.

There were some unforeseen costs involved in this installation. None of the six companies that bid on the work saw the issues. One issue was converting the outside doors of Heider Hall. This building was built in 1948 and it took some extra work to ensure the safety so these doors would work. The other issue was some of our locks and door bars had to be rebuilt or replaced. They were not able to effectively transition to the new system. To date, the cost is \$30,710.45. PTO contributed \$15,000 to the cost of the project. The cost to date of this project is less than the other bids that were submitted that also did not include the lock and bar issues.....and in some cases did not include the locksmith work.

Another challenge is to get folks to inform us when there are meetings and access is needed. If they don't, they won't be able to get in. This is a learning curve.

**Year End results** - It has been our practice to release our financial report to the parish each year in August. This year, circumstances have changed

beyond our control. The diocese has rolled out a new mandatory accounting system. Our parish was one of the first to implement the system. For any location that has been on the new system for two fiscal years was to have their annual report prepared and submitted to the parish by the diocese. We are still waiting for this report. Once we get the report, we will submit it to the Finance Commission for certification. However, we plan to go ahead soon and release the results to the parish even if we don't have this report. Finance is scheduled to meet on October 16<sup>th</sup>. We have every reason to believe the diocese will report the results on an "accrual" basis and we will continue to report the results to the parish on a "cash" accounting basis. We show a small operating surplus of \$12,760.27 for 2012-2013.

**Parish Budget 2013-2014** - We also have a small operating deficit of **\$10,570.13** planned for this year. However, the diocese keeps adding expenses to all the locations and this deficit will rise. We are not getting any advance notice of these charges. Two recent examples are we were charged for two years for the new accounting system @ \$1,041.67 and they increased the premiums for employee life and long term disability insurance at \$106.26 a month. It is hard to know where you will come out this early in the year. Too many things can happen in the next nine months.

**Health Care** - Our health care costs will be just under \$300,000 this year. The diocese believes all locations will be picking up more employees as coverage is lost elsewhere. We do not anticipate any change in the current diocese policy which we are required to do. We are also aware our policy may be a "Cadillac plan" with potential financial penalties if the quality of the plan continues to exceed coverage levels over time. The only way to meet the health care obligation is to continue to raise the cost of tuition or to cut payroll and other planned expenditures.

**Parish debt** - Fr. Bill is going to talk about the Connector Project based upon our meeting with the Archdiocese CFO. The issue of our outstanding parish debt was discussed during this meeting.

This is the history of our parish debt:

- The parish borrowed \$1,520,479.08 from the Archdiocese @ 7% interest from 1997-1999 to pay for the Vision 2000 building project. The current interest rate is 6.5%.
- The parish borrowed \$144,793.83 to pay for the environmental oil spill in 1999.
  - We recently asked the diocese to review why this accident was not covered by insurance. They did look into our request and they said the diocese did not cover environmental accidents back in 1999. The parish would have to assume all the costs of the accident.
- The parish borrowed \$82,500 to buy the adjacent property at 804 Ohio Pike in 2003.
- The diocese added \$55,000 to our debt since the diocese paid some bills for the parish we did not pay during the 1970s.
- This brought the total debt total to \$1,802,772.91 peaking in the summer of 2000.
- We have been consistently paying on the principal and it is now down to \$523,049.80 as of October 2013. At our current monthly payment amount, the principal will not be paid off until 2020.
- The interest owed is currently \$686,497.44. We do not pay interest on interest so we have been concentrating on the principal. The unpaid interest owed will peak in 2016 and then begin to fall. The interest will not be paid off until 2027 at our current payment rate. Finally, the parish would be debt free.
- If we were to finance the debt and interest at a bank at 4% interest for 15 years, we would pay \$281,103.06 more since we would be paying interest on both the principal and the unpaid interest. Our monthly payment would be somewhat higher than we currently pay.
- When both the principal and interest have been retied, we will have paid \$1,294,802.90 in interest to finance \$1,802,772.91 for a total of \$3,097,575.81.

We will continue to pay each month on our debt and interest due the diocese. The bottom line is the parish overspent, borrowed, had excessive unpaid tuition, and did not manage the finances over the years. Part of the

issue causing the debt not to be paid down more quickly is the exploding costs of health care that now takes a lot of our money. Health care costs in 1999 were \$55,000 a year. This fiscal year, health care will cost around \$300,000. Money had to be used to pay health care premiums instead of paying more on the debt. No one saw this issue coming.

High debt impacts our operating budget and our ability to plan for the future. Managing finances in a parish are no different than in a business or at home.

**Software and other programs changes** - The diocese continues to rollout a lot of system changes. A new Paycor payroll system (Perform) will be rolled out next week. All employee benefits are going on line as well. The diocese is using a firm called Benefit Allocation Systems, Inc. To qualify for benefits, the employee must be in the Paycor system and working enough hours to qualify for benefits. No longer can anyone be signed up for benefits that do not meet these criteria. We will also eventually be uploading dependent benefit documents such as marriage licenses, tax returns, and birth certificates for verification and storing in the cloud. One reason the diocese is rolling out the benefit system is stop granting employee benefits to those that do not qualify for them. This has been an ongoing problem in the diocese. We have never allowed anyone to have benefits that do not qualify for them.

Kathy Hornschemeier went on record she is concerned about the storage of personal employee information on the Internet. This program is a diocese requirement and there is not much we can do here. Responsibility lies with the diocese.

Our parish also just upgraded to the new Parish Data Systems version 7 programs. This is a suite of four programs we use every day to manage the parish. Four employees recently went for training.

These and other operational changes are being generated by the diocese every day at lightning speed.

**JulyFest results** – the festival results were recently issued. A copy of the results is posted on the parish JulyFest web page. They were also published in the September 22 bulletin.

The 2013 festival sales and profit were the second best in the last 15 years. The modern day record was 2003 although 2013 was not that far behind 2003.

We understand we did very well when compared to neighboring parishes this year.

A big thank you is due to Darline Foltz and the entire festival committee for coming forward three years ago. The profits this year were 2.3 times higher than in 2010 when we “bottomed out”. Darline is retiring after this year and Jim Rivard and Linda Caskey are the new festival co-chairs starting next year.

**COPE - Common Buying** – This diocese project has slowed down until further direction from the diocese is obtained. Too many locations are not very willing to participate in common buying in order to reduce expenses. Our parish participates in every initiative that helps to reduce costs. Energy, Rumpke, and Sunday envelopes are two recent examples. The committee met with the diocese recently and a number of things were discussed including legalities of the committee and stronger support from the diocese which will be forthcoming. The Archbishop is also going to write the Pastors to take a hard look at participating in this effort.

We will be switching to a new provider for Sunday envelopes starting in 2014. The collection envelope will be different and the preliminary proof is below (date and id number added during the printing process):

## ST. THOMAS MORE PARISH

CINCINNATI, OH 45245 • www.sttm.org



Weekly Offering \$ \_\_\_\_\_

I/We Give by a Credit Card or Through Electronic Fund Transfer

We will be saving between 40-50% by pooling our orders with over 100 parishes with the same vendor. This is a diocese COPE initiative.

**Retirement** – The parish Business Manager plans to retire on January 31, 2014, although there is some flexibility on the date. This transition needs to be completed before spring. There is a possibility of staying on in a small part time capacity (no longer involved in the day to day management of the parish) for a while to help make the transition. This will need to be coordinated to ensure the new Business Manager is firmly in his or her position. Plus, a second pair of hands is going to be needed. A lot of the work is now done on the Internet and can be done off site. Once the new Business Manager has learned the position, a part time person will need to be hired to replace the retiring Business Manager. It is no longer a one person position with all the changes and additional requirements that have taken place.

**Pastor's Report** – Fr. Bill gave his update.

**The Archdiocese initiative on athletics** continues to work on the final documents. Most of the committee included coaches from around the diocese plus two priests, one being Fr. Bill. The objective is for the diocese



and parishes to have more control over the sports programs. Effective August 1, there cannot be any sports activities anywhere in the diocese on Sundays until 1 PM. This is now a universal diocese policy. More universal policies will be initiated in the future.

**Connector Project update** – The diocese will not approve our Connector Project. They cite the parish debt as still too big. They would prefer to see a fund drive to reduce or pay off all the debt and unpaid interest. They did say they would look at the possibility of a smaller project. But what would that be? Fr. Bill will discuss it with finance next week.

Mike Gennett said in 2008 we were told we could go ahead but had to raise 100% of the money. The project was \$2.5 million then. We shaved it back to \$2.1 million. Why not go ahead and ask to raise all the money and have it in the bank before building? And, if we don't raise it, have a "Plan B" to utilize the money we did raise?

**Diocese capital campaign** – The diocese is looking at a \$215,000,000 capital campaign starting next year. It would fund a number of things including the priest pension fund (which was not funded properly for the last 40 years), the schools, the seminary, and special projects to name a few. Parishes would participate in this fund drive starting in just over a year from now. If we are going to raise money for the connector project, we need to decide very soon.

**Rectory** – The kitchen flooring and the living room carpet are going to be replaced. The kitchen flooring was installed in 1960 or around then. The carpet has already been removed. It was full of tar from some parking lot work 10 years ago.

**Mass attendance** has dropped off recently here and the same issue has been reported throughout the diocese. No one knows why. It is everywhere.

**Ken Blue**, our former organist and choir director died on September 20<sup>th</sup>.

Our current Organist and Choir Director Sean Connelly has written a Mass we are using from time to time. Sean is a very bright young man we are encouraging to help grow his music skills. He teaches at Covington Latin during the week.

A donor has come forward to pay to **carpet both rooms in More Martyr Hall**. Another donor is willing to paint the rooms. The carpet has been ordered for MM Hall.

Fr. Bill stated that the parish is grateful for all **Darline Foltz and the festival committee** did to re-energize our festival. Our 2013 results were the second best in the last 15 years! Council talked about publically acknowledging Darline and the committee sometime in the weeks ahead.

The meeting was adjourned at 9:05 PM. Fr. Bill led the group in a prayer.

**NEXT MEETING IS MONDAY, NOVEMBER 18<sup>TH</sup>.**