



Remember: Congregational Response Session – Sunday, February 14
Light lunch 1:30 – 2:00 PM. Meeting commences at 2:00 PM. Childcare available.

Financing

Number 8 in a continuing series

A spreadsheet would show you just about everything, but I know that some people are intimidated by rows of numbers. So I'm going to do this in a literary fashion instead. It won't really hurt the *arithmophiles* to do a little close reading, and the *arithmophobes* will appreciate it.

First, the capital campaigns. Greg has written a detailed article for *Tikvah Topics* outlining what we raised, what we spent, and what's left. I don't want to steal his thunder, so let's just start with what we have now.

The first and most important item is the **capital campaign account**. It contains **\$351,418**, and all of that could be used for this project, if we choose to do it.

The next most important asset is real property, **seven acres at Snouffer & Smokey Row**. We purchased it for about \$780,000 in 2002. It's hard to know what it would be worth today. If I'm reading the constitution correctly, we cannot put the land on the market until the congregation votes to do so.¹ But there are other ways to estimate its value, and we will do that work soon.

For the sake of argument, let's make a very conservative assumption and guess that it might be worth \$750,000. That gives us:

\$ 350,000	capital campaign account
\$ 750,000	real estate
\$1,100,000	

It's actually a substantial amount of money. But it's not enough to pay for the project. Phil Markwood's latest estimate, including construction, fees, and contingencies (called "unknown project conditions") is **\$2.3 million**. His letter of January 15, amended on February 11, is attached for those who want to look at the details. And I will go over it on Sunday.

Do we have other resources? Yes. The **Development Fund**, collected from new members, provides "reserved financial resources to be used for unbudgeted expensive capital expenditures such as roof repairs, patching the driveway, and computers."ⁱⁱ The current balance in that account is **\$269,711**. A substantial amount needs to be kept for future "unbudgeted expensive capital expenditures." But previous budgets both for the expansion in 2000 and the new building at Snouffer & Smokey Row have consistently shown using 80% of it for new construction. We're not far enough along in the planning to know what would be reasonable now. Perhaps we shouldn't use any of it.

Next, the **Reserve Fund**. The latest balance sheet shows **\$191,370**. It represents accumulated surpluses over two decades. It used to be shown on two different lines on the books; it's been combined now, a good idea. But earlier expansion and new construction budgets all showed using the "old" balance of \$99,654 for construction. Again, we're not far enough along in the planning to know what would be reasonable this time. Perhaps we shouldn't use any of it.

Next, we own an **acre of land** at the back of the property. We have not developed it. One or two of the neighbors may be interested in purchasing part of it. They made an offer six years ago, contingent on the sale of the front 3 acres to someone else. They wanted the land as a buffer to their property, completely understandable from their point of view. *If* they make us another offer, we have to decide whether we want to sell to them, and how much of the land we want to sell. We may want to use some of it for parking. But it is a potential asset to add to the bundle of assets.

It would be inappropriate here to make guesses or predictions, or even to offer suggestions. But to sum up, I will list all the assets we have:

- The capital campaign fund
- The land at Snouffer and Smokey Row
- The development fund
- The reserve fund
- The back acre

That leaves **borrowing** and **fund-raising**. Right now, no one wants to go anywhere near the *m*-word (“mortgage”). We may have to do some short-term borrowing, pending the sale of the land. We must not put ourselves into the “we won’t do anything until we sell the building” dilemma again. Costs are down, contractors are hungry, now is the time to build.

That leaves **fund-raising**. What are the prospects?

We don’t know. That’s why one of our members, new to the congregation but not new to temple life, who is an expert in this field, plans to do a feasibility study over the next four weeks. She will be calling people, *not to ask for money*, but to ask about responses to the ideas and how much people *might* be willing to give and *under what conditions*. That will give us a much better idea by the time of the next meeting, on Sunday, March 7, where we stand. If Sonia calls you, please take the time to respond. We can’t get an accurate picture if we don’t hear from those who think this is insane as well as those who think this is wonderful. We’re not looking for support yet. We’re looking for good information.

Final Thoughts: An Editorial

I have tried to present an accurate picture of where we are, and one approach to what we could do. I have not urged us to do it. That is still the stance of the Working Group.

But I will offer this editorial opinion: Can we afford this? No. But I think that may be the wrong question. Some things, like a college education and a wedding and having babies, can’t be afforded, and we find a way to do them anyway. It may have something to do with survival of the species. The question isn’t whether we can *afford* to do this, but whether we *want* to do this. If we want to, I am convinced we can find a way to get it done. We are the house of hope.

Thanks for your diligent reading and your patience.

See you Sunday.

NEXT: Parking and the Neighbors

John Stefano
February 12, 2010

Meeting Dates reminder

Congregational Response Sessions, Sundays, 1:30 to 4:00 PM.

Light lunch/each session: 1:30-2:00 PM – Meeting commences at 2:00 PM

- February 14
- March 7
- April 25

Annual Meeting, Sunday, May 23, 5:00 PM.

The Working Group

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ⁱ Article XIV, Real Estate, says:

Before any contract shall be entered into for the purchase or sale, construction or substantial modification of any real estate by the Congregation, the Board of Trustees shall approve such by majority vote of those present at a meeting and shall submit the recommendation to the membership at a special or regular meeting. **It shall require a vote of 60% of the combined total of members present and members voting by absentee ballot to authorize any action.** (Amended Constitution May 15, 2006)

ⁱⁱ Board Briefing Book, 2009-10

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**CONGREGATION BETH TIKVAH
CONCEPTUAL ESTIMATE
February 11, 2010**

Office Addition	\$300,000
Office Remodeling	\$145,000
Social Hall	\$80,000
Sanctuary (Includes Seating)	\$870,000
Classrooms	\$280,000
Demolition	<u>\$50,000</u>
BUILDING CONSTRUCTION	\$1,645,000
Site Work	<u>\$85,000</u>
CONSTRUCTION TOTAL	\$1,730,000
Soft Costs (Fees, Testing, Borings, Etc.)	<u>\$260,000</u>
PROBABLE PROJECT COST	\$1,990,000
Unknown Project Conditions (7%)	<u>\$140,000</u>
SUBTOTAL	\$2,130,000
Grading, permeable pavers, retaining for 40 spaces	\$28,000
Allowance for Kitchen Improvements	<u>\$70,000</u>
POSSIBLE PROJECT TOTAL	\$2,308,000