



Dear St. John's Friends,

The business meeting immediately following worship on May 11th will have a short agenda; it is Mother's Day after all!

We need a congregational vote on a proposal already unanimously approved by the Diaconate. Here is the proposal along with an explanation.

For the years 2025, 2026, and 2027, distributions from the Ministries Endowment will be used for Building/Capital needs instead of being reserved for Missions and Ministries.

Why must the congregation vote on this?

Because the Endowment Agreement states that there are two sides of the endowment, Capital and Ministries, and the distributions therefrom should be spent accordingly. Allocating 100% of the distribution dollars for Capital Expenses represents a departure from this mandate and thus requires approval. See Article VI of the attached Endowment Agreement. Also note the provision in paragraph A of Article VIII that allows for modifications by church conference.

Why the proposal?

The proposal was included in the three-year financial plan presented by The Converge Task Force to the Diaconate in February. This plan noted the stress that our aging facility is putting on the operating budget and also enumerated the pending capital needs – mostly HVAC units nearing obsolescence - that could outstrip our readily available reserves. (More on that below). The combined distribution from Capital and Ministry Endowment will exceed \$110,000/year in 2025, 26, and 27. This \$330,000 will be needed to keep our building air conditioned.

Considering the clear language of the agreement, how are we justifying this deployment of Ministries dollars in this way?

Increasingly, our campus has become a hub of non-profit community work. We host multiple residential partners who enjoy submarket rental rates. The “in-kind” value of this gift to the community well exceeds the cash gifts we make to external mission groups. Thus, it is apparent that our “building is a ministry.” This notion is a subjective one, so The Endowment Resource Team felt the congregation should vote on the proposal.

Will this solve the capital needs problem?

It will help. We expect that our capital needs in the next decade could easily reach \$1,500,000. The \$330,000 from the endowment over the next three years, the line of credit of \$250,000, and The Garrison Road proceeds of \$440,000 are the dollars available, though a vote would be required to use the line or the Garrison dollars.

Unless we vote otherwise in the future, in 2028 and thereafter, the Ministries Endowment will be allocated away from the capital side and the distribution for capital would drop by roughly half.

Also, as you know from other meetings and communications, The Real Estate Task force is working on ways to monetize our real estate in ways that would not interfere with our ability to pursue our mission of Living by this Covenant on this Corner.