

Orlando Monthly Meeting of Religious Society of Friends, Inc.

Meeting for Worship with Attention to Business

Seventh Month, First Day 12 July 2015

Minutes submitted by Stephanie Preston

Meeting opened with a period of silent worship at 11:48am.

Reading of Minutes from Sixth Month Meeting for Worship with Attention to Business by Recording Clerk Stephanie Preston

Communications Committee-Update from Michael Luke on opportunities for outreach and connecting with the community including Central Florida Veg Fest, Global Peace Film Festival, and a neighborhood yard sale. Friends will be asked to assist with staffing information tables and engaging with community about Quakerism.

MINUTE 1-Meeting approves Orlando Monthly Meeting to: host a yard sale on 19 September 2015, (coinciding with the weekend of United Nations Peace Day), to participate in Central Florida Veg Fest on 24 October 2015, and to share information about the Friends' peace testimony at the Global Peace Film Festival on 4 October 2015 (coinciding with World Quaker Day).

Property Committee- Michael Luke presented a list of responsibilities and amount of time spent by the Property Manager to complete required work tasks (SEE ATTACHED DOCUMENT A). There was discussion regarding fair compensation for the position of Property Manager given the additional hours spent on site to oversee projects and meetinghouse use. The sense of the meeting is to continue with the current arrangement of compensating the Property Manager as an independent contractor, but at a higher pay rate, rather than classify the Property Manager as a permanent staff position. This arrangement is also preferred by the current Property Manager.

MINUTE 2-Meeting approves increasing the monthly compensation for the Property Manager from \$500 per month to \$1000 per month effective 1 July 2015.

MINUTE 3-Meeting requests Property Committee to establish a contract with the Property Manager detailing the specific responsibilities and agreed upon compensation.

MINUTE 4- Meeting approves the re-allocation of funds from Repairs & Maintenance (Budget Line Item 6010) to Property Agent (Budget Line Item 6160) to account for the increased compensation of the Property Manager.

Treasurer's Report-Treasurer Tom Gottshalk distributed and reviewed copies of OMM 2015 Treasurer's Report and Certificates of Incorporation (SEE ATTACHED DOCUMENT B) and answered questions regarding specific items.

Cisney House News & Information- Clerk of Ad-Hoc Financial Committee (AHFC) Kate Joseph provided an update summarizing financial information related to Cisney House property. (SEE ATTACHED DOCUMENT C). AHFC strongly encourages Orlando Monthly Meeting as a whole to move forward with making a decision on the future use of the property as soon as possible. Specifically whether to sell the property or keep the property and make necessary improvements.

MINUTE 3- Meeting unites in its recommendation to pursue Option 2 as outlined by the AHFC (IN ATTACHED DOCUMENT C) to retain ownership of Cisney House for a period of at least five years. Trustees are requested to move forward expeditiously with implementation of this option.

MINUTE 4-Meeting expresses deep appreciation to the Ad-Hoc Financial Committee for its faithful service to Orlando Monthly Meeting during the past ten months in providing the information and guidance necessary to arrive at clearness regarding Cisney House property.

Meeting closed with a period of silent worship at 1:08pm.

The following Friends/Attendees (11) were present for all or part of the meeting: Bill Carlie, Stephanie Preston, Vicki Carlie, Bil Meeler, Tom Gottshalk, Kate Joseph, Chris Laning, Frances Stacey, Michael Luke, Minerva Glidden.

A1

OMM – Property Manager

Weekly Routine Schedule

Saturday (day) –

- Sweep Floors in Meeting House
- Position Chairs
- Empty Trash bins
- Make sure restrooms are stocked
- Make sure A/C is working correctly and ready for Sunday.
- Prepare for any special Sunday Events: Speakers; Meeting for Business table setup, etc.
- Make sure the Kitchen is ready for use: Empty Dishwasher, put away stray items, etc.
- Outside Cleanup: Blowing patio and driveways
- Make sure cottage is ready for First Day School

Saturday (eve) –

- Cleanup after Macrobiotic Cooking group.

Sunday – After Meeting

- Quick Cleanup
- Position Chairs
- Run dishwasher

During the Week - 3-4 visits

- Check Mail
- Check Doors
- Check Lawn Service work
- Cleanup after Storms – During the summer this is often.
- Cleanup Parking Lot – our parking lot is heavily used and requires routine checks.
- Check that outside lights are working: Checking during the day and at night.

Additional Items as Needed

Meeting with Contractors – This includes waiting for contractors to show and dealing with long delays in some cases.

Finding Contractors – This includes researching local vendors and choosing ones that both have good ratings and a good price.

Finding Items for Meeting House – Finding items like a new mailbox, new light fixtures, fans, etc. This takes research to find both quality items and fair prices.

Managing Mike Grant (Cisney Property Manager) – Following up on projects and reviewing quotes.

Managing Lawn Service – the lawn guys try to do the job as quickly as possible and have to be managed so they don't take shortcuts.

Current Compensation

Bil is currently compensated at a rate of **\$500 / month**. This is based on discounted rate of **\$15 / hour** at 15 hours / week for total of **\$1000 / month**. Bil asked to only be given **\$500** and let the balance be his give to the meeting.

Recommended New Compensation

Bil is offering a discount of his hourly fee from **\$30 to \$20 / hour** as well as discount the total monthly fee from **\$1200 to \$1000**. This is over a 40% discount from his regular client rates.

State of Florida



Department of State

I certify from the records of this office that ORLANDO MONTHLY MEETING OF THE RELIGIOUS SOCIETY OF FRIENDS, INC. is a corporation organized under the laws of the State of Florida, filed on April 7, 2015.

The document number of this corporation is N15000003513.

I further certify that said corporation has paid all fees due this office through December 31, 2015, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capital, this the
Ninth day of April, 2015



CR2EO22 (1-11)

Ken Detzner
Ken Detzner
Secretary of State

1B2



FLORIDA DEPARTMENT OF STATE
Division of Corporations

April 9, 2015

CHARLES W. CRAMER
1411 EDGEWATER DRIVE
SUITE 200
ORLANDO, FL 32804

The Articles of Incorporation for ORLANDO MONTHLY MEETING OF THE RELIGIOUS SOCIETY OF FRIENDS, INC. were filed on April 7, 2015 and assigned document number N15000003513. Please refer to this number whenever corresponding with this office regarding the above corporation.

The certification you requested is enclosed.

PLEASE NOTE: Compliance with the following procedures is essential to maintaining your corporate status. Failure to do so may result in dissolution of your corporation.

To maintain "active" status with the Division of Corporations, an annual report must be filed yearly between January 1st and May 1st beginning in the year following the file date or effective date indicated above. **It is your responsibility to remember to file your annual report in a timely manner.** A Federal Employer Identification Number (FEI/EIN) will be required when this report is filed. Apply today with the IRS online at:

<https://sa.www4.irs.gov/modiein/individual/index.jsp>.

Should your corporate mailing address change, you must notify this office in writing.

Should you have any questions regarding corporations, please contact this office at (850) 245-6052.

Thomas Chang, Regulatory Specialist II
New Filing Section

Letter Number: 115A00007057

www.sunbiz.org

Division of Corporations - P.O. BOX 6327 -Tallahassee, Florida 32314

LB3

OMM TREASURER'S REPORT • FY 2014 • FY 2015 BUDGET

Chart of Accounts	2014 BUDGET	2015 ACTUAL		2015 BUDGET	
REVENUE					
5100 Support Gifts	\$ 11,000.00	\$ 4,642.63	42.21%	\$ 11,000.00	
5200 Reimbursement/Use of MH	\$ 400.00	\$ 750.00	28.85%	\$ 2,600.00	Incl. Parking Lot Rent
5500 Trustee transfers, yearly	\$ 22,800.00	\$ 49,350.00	100.00%	\$ 49,350.00	
5600 Trustee transfers, Grants	\$ 10,000.00	\$ 10,000.00	100.00%	\$ 10,000.00	
5700 Trustee transfers, Property	\$ -	\$ 1,000.00	100.00%	\$ 1,000.00	
Trustee transfers, reimbursement	\$ -	\$ 1,976.50		\$ -	
5800 Reserves allocated to budget	\$ 2,300.00	\$ 80.49		\$ -	
TOTAL REVENUE	\$ 46,500.00	\$ 67,799.62	91.68%	\$ 73,950.00	
EXPENSES					
					Remaining
OPERATING EXPENSES					
6010 Repairs & Maintenance	\$ 1,500.00	\$ 12,320.25	61.60%	\$ 20,000.00	\$ 7,679.75
6040 Housekeeping	\$ 1,800.00	\$ 1,050.00	58.33%	\$ 1,800.00	\$ 750.00
6045 Pest Control	\$ 1,600.00	\$ 1,209.00	75.56%	\$ 1,600.00	\$ 391.00
6050 Grounds Care	\$ 1,880.00	\$ 1,255.00	57.05%	\$ 2,200.00	\$ 945.00
6090 Utilities, MH	\$ 2,000.00	\$ 1,404.00	61.04%	\$ 2,300.00	\$ 896.00
6100 Insurance	\$ 3,880.00	\$ 2,991.84	76.71%	\$ 3,900.00	\$ 908.16
6110 Utilities, WC	\$ 950.00	\$ 476.72	39.73%	\$ 1,200.00	\$ 723.28
6120 Taxes, City Services	\$ 1,250.00	\$ -	0.00%	\$ 1,250.00	\$ 1,250.00
6150 Professional fees	\$ -	\$ 657.70	43.85%	\$ 1,500.00	\$ 842.30
6160 Property Agent	\$ 5,800.00	\$ 5,000.00	83.33%	\$ 6,000.00	\$ 1,000.00
6500 Other Property Expense	\$ 300.00	\$ 553.91	184.64%	\$ 300.00	\$ (253.91)
TOTAL OPERATING EXPENSES	\$ 20,960.00	\$ 26,918.42	64.02%	\$ 42,050.00	\$ 15,131.58
6060 Bank Service Charges	\$ 100.00	\$ -	0.00%	\$ 75.00	\$ 75.00
6070 Phone	\$ 480.00	\$ 248.22	51.71%	\$ 480.00	\$ 231.78
6155 Treasurer's expenses	\$ 40.00	\$ 183.14	310.41%	\$ 59.00	\$ (124.14)
7030 Outreach & Adult Ed.	\$ 70.00	\$ -	0.00%	\$ 105.00	\$ 105.00
7050 Fellowship & Hospitality	\$ 300.00	\$ 304.94	101.65%	\$ 300.00	\$ (4.94)
7070 Library & Subscriptions	\$ 150.00	\$ 96.00	64.00%	\$ 150.00	\$ 54.00
7080 Archives	\$ -	\$ -	0.00%	\$ 50.00	\$ 50.00
7090 Communications	\$ 100.00	\$ 100.00	100.00%	\$ 100.00	\$ -
7100 Travel	\$ -	\$ 935.48	46.77%	\$ 2,000.00	\$ 1,064.52
7110 Travel for SEYM	\$ -	\$ 444.00	22.20%	\$ 2,000.00	\$ 1,556.00
7150 Care & Community	\$ 500.00	\$ -	0.00%	\$ 1,000.00	\$ 1,000.00
7170 Peace & Social Concerns	\$ 100.00	\$ -	0.00%	\$ 100.00	\$ 100.00
7210 First Day School	\$ 2,800.00	\$ 1,578.00	56.36%	\$ 2,800.00	\$ 1,222.00
7220 SEYM	\$ 6,800.00	\$ 4,911.00	100.00%	\$ 4,911.00	\$ -
7230 Worship & Ministry	\$ 50.00	\$ 178.00	89.00%	\$ 200.00	\$ 22.00
7500 Other expenses	\$ 50.00	\$ 25.00	8.33%	\$ 300.00	\$ 275.00
TOTAL ACTIVITIES	\$ 11,540.00	\$ 9,003.78	61.54%	\$ 14,630.00	\$ 5,626.22
CHARITABLE ACTIVITIES					
7300 Homeless Ministry	\$ 1,600.00	\$ 305.27	6.11%	\$ 5,000.00	\$ 4,694.73
7400 Special Ministry Projects	\$ -	\$ 1,368.85		\$ 3,000.00	\$ 1,631.15
8240 Meeting Projects	\$ 400.00	\$ -	0.00%	\$ 270.00	\$ 270.00
8330 Scholarships	\$ 1,000.00	\$ 946.00	94.60%	\$ 1,000.00	\$ 54.00
8350 Faith in Florida membership dues	\$ 1,000.00	\$ -	0.00%	\$ 1,000.00	\$ 1,000.00
8500 Donations	\$ 1,000.00	\$ 900.00	90.00%	\$ 1,000.00	\$ 100.00
8600 Grants	\$ 9,000.00	\$ -	0.00%	\$ 9,000.00	\$ 9,000.00
TOTAL CHARITABLE ACTIVITIES	\$ 14,000.00	\$ 3,520.12	17.37%	\$ 20,270.00	\$ 16,749.88
TOTAL EXPENSES	\$ 46,500.00	\$ 39,442.32	51.26%	\$ 76,950.00	\$ 37,507.68

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General Fund checking account activity summary

Revenue	\$67,799.62
Expenses	\$39,442.32
Balance/zero out	\$28,357.30

Beginning balance 1/1/14	\$3,323.99
Gain/loss	\$80.49
reserves in checking (#5800)	\$3,243.50

General Fund Assets

Checking Acct. reserves	\$2,839.72
Pendle Hill Schol. Fund	\$7,500.00
Savings Account	\$30,007.26
TOTAL	\$40,346.98

PENDLE HILL SCHOLARSHIP FUND

Beginning balance	\$	7,500.00
Awards	\$	600.00
Ending balance	\$	6,900.00

The treasurer has some notes for explanation and information:

In order to keep our Inc. Trustees & Orlando Monthly Meeting corporate finances separate---to avoid any "co-mingling of funds" this is the Treasurer's report of the Orland Monthly Meeting Of The Religious Society of Friends, Inc. for July, 2015.

1. The Treasurer has a savings account reserve of at least \$30,000 for extraordinary property expenses. There are some property repairs anticipated for the coming year that could be expensive: replacement of A/C systems & plumbing of Webster Cottage are just 2 items being discussed. Costs could run much more than \$30K.
2. The Trustee transfer revenue (account #5500 in budget) has been transferred to Orlando Monthly Meeting Of The Religious Society Of Friends, Inc. on a yearly basis rather than monthly, to be transferred upon acceptance of the budget.
3. The revenue from the parking lot comes to the Orlando Monthly Meeting Of The Religious Society Of Friends, Inc. , because the Meetinghouse, Cottage & Parking lot property is titled in the name Orlando Monthly Meeting Of The Religious Society Of Friends, Inc.

LC1

CISNEY HOUSE

Prepared for Quakers of Orlando 7th Month Meeting for Business

Summary of Issues

The Meeting needs to come to unity regarding what we will do with Cisney House. For many years we have used the rental income for Meeting support or to add to our endowment. Our ownership of Cisney House has been the cause of unrest in the Meeting, but if we set the guidelines for the future and unite behind any decision made then we will be able to move forward in peace.

Current Situation

Repairs and Costs

Cisney House is in need of repair and refurbishment and the range of estimates in cost and requirements is large (\$150,000 - \$500,000).

We now have a good property manager; rents are up to date and day-to-day repairs are being done efficiently.

The garage roof is being replaced.

About 2 years ago a report on the state of the property was performed which listed various repairs, required and recommended. These costs were about \$350,000, possibly now as much as \$500,000.

However, our property manager, Michael Grant has suggested that while some refurbishment should be done the building is structurally sound, so the costs could be less and, they can be done piecemeal.

Based on the recommendations of Michael Grant and others:

- Kitchens should be updated. Estimate \$5,000 per apartment.
- Air conditioning units should be updated and replaced. It is not necessary to have central air which would require an additional \$100,000 electrical circuit upgrade, but individual units, like the new ones at the Meeting House, would cost approximately \$4,000 per unit.
- Windows replaced. Approx. \$200 - \$250 per window. Approx. \$1,200 - \$1,500 per unit.
- General painting and brightening of the common areas.

Based on the above estimated numbers the total cost for all 12 apartments would be about \$130,000 give or take.

Revenue and Income

The revenue, expenses and net income numbers for the last three years, are shown below together with their averages and that of the average annual apartment rent. The average apartment monthly rent is \$690, based on these numbers.

LC2

Average rents in the Orlando area for May, 2015 are \$1117 for 2 bedrooms and \$ 874 for a 1 bedroom. We charge below that amount. Rent increases could be made as the apartments are leased to new tenants if we chose to do so. Also, modest annual rent increases can be considered.

However, no revenue increases are assumed for the purposes of our discussion.

Income Summary					
	2014	2013	2012	Average	per Unit
Revenue					
Rent	\$ 102,224.50	\$ 104,962.00	\$ 90,622.45	\$ 99,269.65	\$ 8,272.47
Misc	\$ 1,829.50	\$ 3,946.00	\$ 4,686.70	\$ 3,487.40	
Total Revenue	\$ 104,054.00	\$ 108,908.00	\$ 95,309.15	\$ 102,757.05	\$ 8,563.09
Expenses					
Management Fees	\$ 13,800.00	\$ 15,340.00	\$ 14,220.00	\$ 14,453.33	
Prop Tax	\$ 12,276.55	\$ 10,568.62	\$ 10,155.00	\$ 11,000.06	
Repairs	\$ 11,286.96	\$ 12,686.88	\$ 18,462.37	\$ 14,145.40	
Insurance	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	
Misc	\$ 6,847.88	\$ 8,774.37	\$ 6,473.69	\$ 7,365.31	
Total Expense	\$ 51,211.39	\$ 54,369.87	\$ 56,311.06	\$ 53,964.11	\$ 4,497.01
Net Income	\$ 52,842.61	\$ 54,538.13	\$ 38,998.09	\$ 48,792.94	\$ 4,066.08

Note: Insurance number is rounded.

Options

As we have discussed before, there are three basic options for us to consider regarding the future of Cisney House. Below the options and financial results are summarized. In the past, more detailed numbers were presented and seemed intimidating to some of us, so the main points perhaps were not clear. Here just the basic results are shown. Anyone wanting numerical details should not hesitate to contact Kate. kljmsmc@yahoo.com.

Option 1: Sell Cisney House

Two realtor estimates last November 2014, put the value of the property "as is" at between \$800,000 and \$850,000. Based on these numbers and excluding any costs associated with the sale, such as attorney fees, in order to receive approximately the current income of \$50,000, these revenues will need to be invested at 6% – 8% over inflation, an overall rate of between 8% and 10%. See below.

Cisney House Sale

Proceeds	Return Rates				
	2%	4%	6%	8%	10%
800,000	\$ 16,000.00	\$ 32,000.00	\$ 48,000.00	\$ 64,000.00	\$ 80,000.00
825,000	\$ 16,500.00	\$ 33,000.00	\$ 49,500.00	\$ 66,000.00	\$ 82,500.00
850,000	\$ 17,000.00	\$ 34,000.00	\$ 51,000.00	\$ 68,000.00	\$ 85,000.00
875,000	\$ 17,500.00	\$ 35,000.00	\$ 52,500.00	\$ 70,000.00	\$ 87,500.00

Not reduced by IM fee 0.6% not inflation about 2%

At several times in past years this overall rate has not been hard to achieve by investing in the stock market; however this has not always been the case. For example, YTD the S&P 500 is down about 0.37%, and for the last 12 months (YOY) the market is only up 3.87%. Additionally, we already have approx. \$1.6 million invested in stocks, so a different kind of investment (rental income) diversifies our portfolio and generates more stable income.

The lot on which Cisney House stands is zoned for 12 apartment units or offices. Realtors have told members of the Ad Hoc Financial Committee that zoning is not difficult to change. So, if the property is sold, there is no guarantee this zoning will remain in place.

Although expressing interest at one time, Lake Highland School now say they are not interested in buying or leasing the property at this time. Florida Hospital has declined the opportunity to buy, even though they own most of the rest of the block on which the Meeting House and Cisney House are located.

Option 2: Keep Cisney House

Keep Cisney House with a Property Manager running day-to-day affairs and determine the upgrades that are needed and those we wish to do.

Define who has day-to-day responsibility for simple decisions.

Establish which decisions needed to be brought to the Meeting.

Establish the reason for keeping the property, if anything other than investment. Investment income from Cisney House is needed; a fact which must not be overlooked.

Option 3: Lease Cisney House

Long-term leasing would seem to give a good option between the two extremes of selling or keeping Cisney House. We investigated this options as far as possible within the limits of our mandate. We do not have concrete numbers to work and with unless we choose to seriously negotiate a deal will not be able to get specific numbers. However, we do have a better understanding of how a long-term lease would work.

We contacted the realtor in Pennsylvania who has worked with another Meeting or church leasing some of their property. We were introduced to this contact by Jerry Knutson. In the initial call, the realtor expressed interest and suggested we would be able to lease for an annual amount of about \$50,000. However, on receiving the information regarding the exact details of Cisney House, the response was not positive – "It does not fit our portfolio" – and despite offers by the realtor to introduce us to other contacts and follow up emails, no such information has been forthcoming.

Two other realtors have said that leasing options are available, but no numbers have been discussed.

Two contacts have been quite negative about leasing. Phillip Rich at Seaside Bank advised seriously against pursuing this for the following reasons:

- To achieve the income levels we are looking for the lease would need to allow for the free use of the land, which may result in uses we do not want. As a trustee of various not-for-profit organizations, he had some sad and disturbing stories on this issue.
- Without free use, the lease returns would be very low since the company leasing the property from us would need to invest in the current structure or will need to rebuild a similar structure. The capital investment would require the lessee to use the most of the property income to do this, leaving little for us as rent.
- Long-term leases of over 20 years, can tie up our asset for future generations, who may want/need to consider other options, particularly since the income will be small.

Preston Hage, a contact given to us by Mr. Charles Cramer (our attorney) expressed quite similar concerns. The major lesson from these two professionals is that neither thought the income would be small and not anything like our current \$50,000 per year.

Leasing is a path open to us, but unless we can obtain some reasonable level of income it is probably not the way to go. What is a reasonable level of income?

A Short Discussion of Income

Based on the budget for this year, the expenses stand at \$79,000 which includes high estimated repair costs of about \$20,000. These repairs could have been done in previous years so the number is high, but there are still on-going projects that need to be attended to in coming years.

C5

In the past, repairs and one-off items were paid directly by the Trustees and did not run through the operating budget, so they were, to some degree, not transparent to the Meeting as a whole. As a result, previous budgeted numbers of about \$45,000 for expenses were understated.

We can estimate that the expense level will settle at about \$60,000 to just maintain our current spending levels, and WITHOUT increasing grants, community engagement and other donations. Keep in mind that the members have expressed a desire to be more active in these areas and thus, needing additional funds.

There is some misunderstanding about our investments. Our agreement with the investment manager is to achieve 4% over the relative benchmarks, NOT a guaranteed 4% return, which no reputable manager can agree to.

This means, that in this year, for example this where YTD stands at -0.37% for the S&P, our investment manager would need to have a return of 3.53%. (This is actually simplifying the calculation which is actually based on 13 quarter returns, but it gives the general idea.) The income, in theory, from our investments would be about \$1.6 million X 3.53% = \$56,480

If Cisney House were sold and the proceeds from the sale and the repair reserve currently set aside for refurbishment of Cisney House released for investment our income would be :
 $(850,000+600,000+1,600,000) \times 3.53\% = \$107,665$.

Of the total possible amount, \$107,665, the contribution from Cisney House sale (850,000) plus funds reserved for its refurbishment (600,000) is about \$51,185.

Note: Basing income from the investments on a quick calculation of \$1.6 million @4% is misguided. We need to think of our investment income in terms shown above i.e. Current Market Return + 4%.

So, to summarize the point, we need to cover current expenses at the very least, one way or another. At the moment we are relying quite heavily on the Cisney House returns, and the income number of \$50,000 is a reasonable base line for expectations.

The Way Forward

It has taken nine months in the recent cycle of discussions to reach this point. The way forward has been hard for us to discern and during this time the status quo has been maintained.

Here are some suggestions of what we could do until unity is achieved.

- Ask the Property Manager, Michael Grant, to cost out the kitchen updates, window replacement and A/C.
- Review the list of all needed repairs.
- Refurbish apartments as they are vacated. Update the kitchens and paint the interiors.
- Replace the A/C with the type we now have in the Meeting House. This was scoped out by Michael Grant last year.
- Update kitchens for all apartments without waiting for vacancies.
- Paint and brighten the common areas.
- Replace windows.
- Other suggestions?