

Vestry Minutes - Tuesday, January 9, 2024



The January Meeting of the Vestry called to order on Zoom at 7:08pm by Senior Warden Tom Hall. A Quorum was determined to be present with a majority of Vestry Members present.

Attendees: Fr. Jeff, Tom Hall, Julie Breuninger, Daniel Foster, Fran Stevenson, Rich Marini, Sarah Klinetob-Lowe, Paul Hochreiter, Barb Downs, Carolyn Donaldson, Kathy Dittmann, Sandy Schwartz

Absent: Amy Pritchett

Officer: Julie Kwasnica

Clerk: Beth Jones

I. Opening Prayer

Led by Assistant Rector Ted Christopher.

II. Approval of [Minutes](#) from December 12

Minutes approved with no corrections.

III. Reports of Officers and Standing Committees

A. Officers [Reports Linked]

1. [Rector](#)
2. Assistant Rector
3. Wardens
4. Treasurer *links:* [Income/Expense](#); [Savings](#)
 - A. A new savings fund line was added to the report, covering the elevator, steam table and light fixtures to track expenses related to our open insurance claim due to the power surge on December 2.
 - B. \$6300 was paid for elevator diagnostics. We are waiting for an insurance company decision about whether to proceed with the next step of repair (at a cost of \$7,500) or forego repairs and replace the electrical components instead.
 - C. Payment to Vandersall for \$5000 was made. Another payment will be due in 3 months.
 - D. No report from finance this month and no update on rewriting financial policies.

B. Committees & other ministries

- | | |
|--------------------------------------|----------------------------------|
| 1. Adult Formation—Paul | 7. Pastoral Care—Barb |
| 2. Children & Youth Formation—Amy | 8. Property—Sarah |
| 3. Evangelism &
Newcomers—Carolyn | 9. Planning & Development |
| 4. Finance—Fran | 10. Stewardship—Rich |
| 5. Outreach—Sandy | 11. Worship—Jeff |
| 6. Parish Life—Kathy | 12. Community Café—Amy |
| | 13. Parishioners' Ministry—Sandy |

IV. Report of Special Committees

No Special Committees as of January 2024

V. Unfinished Business ([Action Item Register](#))

A. Financial Policy Revision *Suggested Action: none at this time*

VI. New Business

A. Trinity House Rental Arrangements - August 2024

Background: Our original plan was to rent to this group of students for up to three years and then rent it as low-income housing. No specific plan was made for low-income rental, but several options exist. We are in the third year of that plan, and one of the residents is planning to go to graduate school and is requesting to live in TH again. She would need to find two new housemates. We have had no negative issues with the current residents. Suggested action to set arrangements going forward.

Daniel Foster moved to continue the current rental arrangements to students from 2024 to 2027.
The **Motion passed** after some discussion.

B. 2024 Vestry Commissioning Date.

Background: Following first vestry meeting with new members with selection of officers. Commissioning would take place potentially at all three services to include members in the service they usually attend. Suggested Action: Move to set 2024 Vestry Commissioning Date for Sunday, February 18

Rector moved for 2024 Commissioning Date to be Sunday, February 18th.
Motion passed with no discussion and no objection.

C. The Kistler Trust Update

Background: The Kistler Trust is a charitable trust of which St. Andrew's is a 5% beneficiary. The trust is a one-third owner of two buildings in downtown State College. Attached (appendix 1) is the text of an email from Tom Kistler, the trustee. It explains the recent appraisal that was done and his recommendation to put the properties on the market at their appraised value. Question: Do we want to give authorization to do this? Suggested Action: Information Purposes Only. No Action Recommended

D. Lighting outside the church

Several members of the vestry remarked that the property around the church is very dark at night. Suggestions that some kind of landscape lighting be added to the front and back of the church.

E. Acknowledgements

1. Congratulations! to Ted for being awarded the Choral Scholars Program grant for Episcopal at Penn State.
2. THANK YOU to all the vestry members who have served these last 3 years and are now going off into the sunset!!!!

VII. Closing Prayer and Benediction - Fr. Jeff led us in prayer and we closed the meeting at 8:00PM.

VIII. Next Meeting:

7:00 p.m. on Tuesday, February 13, 2024 (Shrove Tuesday) in room 324 (library)

Attached:

- Appendix 1 - Email Correspondence from Thomas Kistler to Kistler Trust Beneficiaries

Appendix 1- Email Correspondance from Thomas Kistler

Text of an email, dated 12/21/23, from Thomas Kistler to Kistler Trust beneficiaries

Kistler Charitable Trust, State College, PA

Greetings of the Season to one and all. It has been months since our most recent communication. Let me catch you all up to date.

When last we communicated, I asked for consent to expend monies to engage an Appraiser, to give us an idea what the buildings are worth outside of the failed offer to purchase by Landmark. That consent was given. The appraisal was done. It was done in September, but never reached me. Only after a request in mid-December did I get the copy I enclose herewith.

In summary, the "Keystone Building " on Beaver Avenue appraised at \$5.4 million. The "Armenara Building " on Sowers Street appraised at \$800,000. The suggestion from the property manager is that we forego attempting to re-lease the now almost vacant properties, and forgo beginning to "freshen" and maintain the buildings, and list each of them for sale AS IS, at the appraised values.

Some of my beneficiaries are local to State College, but some of you are from distant shores. Let me volunteer some dynamics of the local economy, if I may. The local Office Space demand is as low here, as it is everywhere after COVID. The realization of "work-from-home" and the decrease in demand for "downtown space" has impacted State College, as it has almost every community. There is a large inventory of available office space. What has stayed strong, is the continued growth of the college Student Housing market. New projects (as planned by Landmark) continue to come to State College each year. This year there are a few thousand new "beds" added to the market. These will be absorbed through the continuing growth of the student population (about 500 more undergrad students this year, alone) and the phasing out of older, dilapidated, rental housing.

Because both Keystone and Armenara are solely office space, the prospect of their becoming vital and income-producing is diminished by their respective ages, their current condition, and the excess of other available vacant office space in the market. In other words, their best and highest use is likely as other than office space. Their respective locations make them very attractive for either renovation into student housing, or "tear-down-and-rebuild" as new student housing. So while I would not be optimistic about sales at the appraised values for continued office space use, I am encouraged that the market may be very interested in converting them to student housing.

I welcome any discussion that you wish to have, and will entertain any questions, but my recommendation is that we offer our ownership interest in the two buildings for sale at the appraised values. (I believe the ownership of the remaining 67% anticipates doing this) If the properties sell at, or near, the appraised values, the proceeds can be distributed to each of you, and we can close our files on the matter after almost a dozen years of discussion.

I welcome any thoughts, questions, opinions, or other input to guide me in your best interests.

Tom Kistler, Trustee
Kistler Charitable Trust
State College, PA

----- Forwarded message -----

From: **Thomas Kistler** <tomkistler2@gmail.com>

Date: Wed, Dec 13, 2023 at 1:59 PM

Subject: Fwd: Keystone/AOB - Armenara Partnership - Year End Review

To: Thomas Kistler <tomkistler2@gmail.com>

----- Forwarded message -----

From: **Alec Pringle** <apringle@kreglp.com>

Date: Tue, Dec 12, 2023 at 11:47 AM

Subject: Keystone/AOB - Armenara Partnership - Year End Review

To: Tom Kistler <tomkistler2@gmail.com>, Heidi Nicholas (heidi@NicholasDev.com)

<heidi@nicholasdev.com>, Bruce K. Heim <bruce@tricoregroup.com>

Cc: Jason Krout <jkrout@kreglp.com>, Shannon Burns <sburns@kreglp.com>

Dear Trustees and Owners,

This message contains a summary of the 2024 budget discussions for the subject properties. Also attached are recent appraisals of the properties that tie to recommendations for ownership.

Below are budgets for each building for 2024. You will see, a full year of operations is projected to be negative cash flow totaling roughly (\$122,000). This result is the outcome of the failed 2023 planned transaction with Landmark. If you recall, we were purposefully limiting tenancy to avoid lease buyouts upon sale. Also planned was the accumulation of operating cash during that time to afford ourselves the opportunity to exist with limited tenancy. We currently stand with roughly \$462,000 in operating cash. This position affords us the opportunity to re-enter discussions of asset sale under new zoning guidelines. What we are able to sell is the next question.

2024 Budget													
AOB Armenara Office Building													
Account Name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Operating Income & Expense													
Operating Income													
COMMERCIAL RENT	15,709	15,730	15,730	15,730	15,730	15,730	15,839	15,839	15,839	15,839	15,839	15,839	189,392
less VACANCY - COMM	(4,192)	(4,192)	(4,192)	(4,192)	(4,192)	(15,730)	(15,839)	(15,839)	(15,839)	(15,839)	(15,839)	(15,839)	(131,721)
TENANT REIMBURSEMENT	522	276	0	0	0	0	0	0	0	180	0	0	978
Operating Income	12,039	11,814	11,538	11,538	11,538	0	0	0	0	180	0	0	58,649
Operating Expenses													
ELECTRICITY	(1,073)	(1,176)	(1,042)	(874)	(714)	(935)	(663)	(770)	(665)	(790)	(1,575)	(1,575)	(11,853)
WATER & SEWER	0	(407)	0	0	(481)	0	0	(500)	0	0	(499)	0	(1,887)
TRASH REMOVAL	(1,255)	0	0	0	0	0	(1,255)	(62)	0	0	0	0	(2,571)
MAINTENANCE SUPPLIES	0	0	0	0	(1,248)	(186)	0	(20)	(62)	0	(210)	(210)	(1,936)
SUBCONTRACTOR	(691)	(691)	(691)	(691)	(691)	(691)	(691)	(691)	(691)	(691)	(691)	(691)	(8,293)
SUBCONTRACTOR -HVAC	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(1,200)
CLEANING	(1,563)	(1,563)	(1,563)	(1,563)	(1,563)	(1,563)	(1,563)	(1,563)	(1,563)	(1,563)	(1,563)	(1,563)	(18,637)
EXTERMINATING	(847)	0	0	0	0	0	0	0	0	0	0	0	(847)
GROUPS MAINTENANCE	0	0	0	0	0	0	0	0	0	0	0	0	0
SNOW REMOVAL	(632)	(632)	(632)	0	0	0	0	0	0	0	(632)	(632)	(3,160)
MAINTENANCE SALARIES	(323)	(323)	(323)	(323)	0	(323)	(323)	(323)	(323)	(323)	(323)	0	(2,908)
MAINTENANCE SALARIES - HVAC	0	0	0	0	(323)	0	0	0	(323)	0	0	(323)	(969)
T/O MAINTENANCE	0	0	0	0	0	0	0	0	0	0	0	0	0
ADVERTISING	0	0	0	0	0	0	0	0	0	0	0	0	0
PROFESSIONAL FEES	0	0	0	0	0	0	0	0	0	0	0	(973)	(973)
LEGAL FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
ACCOUNTING FEES	0	0	0	0	(956)	0	0	0	0	0	0	0	(956)
COMMISSIONS	0	(180)	0	0	0	0	0	0	0	0	0	0	(180)
REAL ESTATE TAXES	0	0	0	(10,117)	0	0	0	(18,105)	0	0	0	0	(28,222)
INSURANCE	0	0	0	0	0	0	0	0	(5,798)	0	0	0	(5,798)
OFFICE EXPENSE	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(136)
MGMT FEES	(662)	(650)	(635)	(635)	(635)	0	0	0	0	(10)	0	0	(3,226)
MISC EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0
Oper Expenses	(7,148)	(5,724)	(4,987)	(14,304)	(6,712)	(3,799)	(4,596)	(22,136)	(9,204)	(3,479)	(5,594)	(6,069)	(93,752)
Oper Income & Expense	4,891	6,091	6,551	(2,766)	4,826	(3,799)	(4,596)	(22,136)	(9,204)	(3,299)	(5,594)	(6,069)	(35,103)
Other Income & Expense													
Other Expenses													
PRINCIPAL	(2,950)	(2,940)	(2,967)	(2,970)	(2,996)	(3,001)	(3,016)	(3,041)	(3,047)	(3,071)	(3,079)	(3,095)	(36,172)
INTEREST	(363)	373	(347)	(343)	(317)	(312)	(297)	(272)	(266)	(242)	(234)	(218)	(2,839)
LOC Interest	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(4,500)
BLDG REPLS - 7 YR	0	0	0	0	0	0	0	0	0	0	0	0	0
BLDG REPLS - 15 YR	0	0	0	0	0	0	0	0	0	0	0	0	0
BLDG REPLS - 27.5 YR	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(3,688)	(2,941)	(3,688)	(3,688)	(3,688)	(3,688)	(3,688)	(3,688)	(3,688)	(3,688)	(3,688)	(3,688)	(43,511)
Total Net Income	1,203	3,149	2,863	(6,454)	1,138	(7,487)	(8,284)	(25,824)	(12,892)	(6,987)	(9,283)	(9,757)	(78,615)

2024 Budget													
Keystone Building													
Account Name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Operating Income & Expense													
Operating Income													
COMMERCIAL RENT	28,993	28,993	29,014	29,014	29,014	29,369	29,369	29,369	29,369	29,369	29,369	29,369	350,611
less VACANCY - COMM	(18,742)	(18,742)	(18,763)	(18,763)	(18,763)	(18,119)	(20,435)	(20,435)	(20,435)	(20,435)	(20,435)	(20,435)	(236,505)
TENANT REIMBURSEMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Income	10,251	10,251	10,251	10,251	10,251	10,251	8,934	8,934	8,934	8,934	8,934	8,934	115,105
Operating Expenses													
ELECTRICITY	(1,237)	(1,237)	(921)	(737)	(632)	(746)	(843)	(788)	(757)	(826)	(2,100)	(2,100)	(12,925)
OIL & GAS	(783)	(431)	(606)	(793)	(269)	(154)	(56)	(33)	(33)	(60)	(161)	(321)	(3,717)
WATER & SEWER	0	(275)	0	0	(347)	0	0	(247)	0	0	0	0	(1,432)
TRASH REMOVAL	(1,569)	0	0	0	0	0	(1,569)	0	0	0	0	0	(3,137)
MAINTENANCE SUPPLIES	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(900)
SUBCONTRACTOR	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(6,500)
SUBCONTRACTOR - HVAC	0	0	0	0	0	(956.42)	0	(526.03)	0	0	0	0	(1,482)
CLEANING	(1,780)	(1,780)	(1,780)	(1,780)	(1,780)	(1,780)	(1,780)	(1,780)	(1,780)	(1,780)	(1,780)	(1,780)	(21,358)
GROUPS MAINTENANCE	0.00	0.00	0.00	0.00	(150.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(150)
SNOW REMOVAL	(589)	(589)	(589)	0	0	0	0	0	0	0	(589)	(589)	(2,945)
MAINTENANCE SALARIES - General	(216)	(216)	(216)	(216)	(216)	(216)	(216)	(216)	(216)	(216)	(216)	(216)	(2,589)
MAINTENANCE SALARIES- HVAC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
T/O MAINTENANCE	0	0	0	0	0	0	0	0	0	0	0	0	0
PROFESSIONAL FEES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	(1,260)	(1,260)
ACCOUNTING FEES	0.00	0.00	0.00	0.00	(955.50)	0.00	0.00	0.00	0.00	0.00	0	0	(956)
COMMISSIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0
REAL ESTATE TAXES	0.00	0.00	0.00	(15,306.91)	0.00	0.00	0.00	(27,393.52)	0.00	0	0	0	(42,700)
INSURANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(7,576.80)	0.00	0	0	0	(7,577)
OFFICE EXPENSE	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(136)
MANAGEMENT FEES	(564)	(564)	(564)	(564)	(564)	(564)	(491)	(491)	(491)	(491)	(491)	(491)	(6,331)
MISCELLANEOUS EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Expenses	(7,373)	(5,727)	(5,312)	(20,033)	(5,567)	(5,051)	(5,590)	(39,688)	(3,914)	(4,009)	(5,373)	(7,956)	(116,194)
Oper Income & Expense	2,877	4,523	4,939	(9,782)	4,683	5,199	3,343	(30,754)	5,020	4,924	2,961	977	(1,089)
Other Income and Expense													
Other Expenses													
PRINCIPAL	(2,950)	(2,940)	(2,967)	(2,970)	(2,996)	(3,001)	(3,016)	(3,041)	(3,047)	(3,071)	(3,079)	(3,095)	(36,172)
INTEREST	(363)	373	(347)	(343)	(317)	(312)	(297)	(272)	(266)	(242)	(234)	(218)	(2,839)
BLDG REPLS - 7 YR	0	0	0	0	0	0	0	0	0	0	0	0	0
BLDG REPLS - 15 YR	0	0	0	0	0	0	0	0	0	0	0	0	0
BLDG REPLS - 27.5 YR	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER INTEREST	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(4,500)
Other Expenses	(3,688)	(2,941)	(3,688)	(3,688)	(3,688)	(3,688)	(3,688)	(3,688)	(3,688)	(3,688)	(3,688)	(3,688)	(43,511)
Total Net Income	(811)	1,582	1,251	(13,471)	995	1,511	(345)	(34,442)	1,332	1,236	(727)	(2,711)	(44,601)

The zoning issue is the issue that caused the failed 2023 sale with Landmark. Zoning required assemblage of 0.75 acres of land to achieve the incentives necessary to build a 12-story structure. Without McDonalds, the adjacent parcel, our properties do not meet the 0.75 acre metric. Landmark received local approvals for the projects, but was unable to come to an agreement with McDonalds and the project was cancelled. Since that time, zoning has rescinded the incentive package allowing for 12-story builds. There are differing opinions as to whether the approvals Landmark was granted continue with the developer or the property or whether they expired all together when the zoning reverted to the original definitions. We have discussed this topic with counsel for the borough, who is unable to render an official opinion, but he suggested the borough would likely take an unfavorable opinion on the 12-story project at this time. Landmark continues in negotiations with McDonalds, believing they indeed have ownership of the approvals and may come back to us with an offer. That may or may not happen and there will likely be litigation required to resolve that with the borough.

To define what we know we are able to sell today, we engaged a local real estate appraiser to provide opinions of value on the two properties. Those appraisals are attached.

- Armenara Building – 111 Sowers Street
 - Value Opinion - \$800,000
 - This value opinion reflects the current vacancy and the limited parking and redevelopment potential for this small parcel (0.19 acres).
- Keystone Building
 - Value Opinion - \$5,400,000
 - This value opinion considers the redevelopment potential under the current zoning guidelines, which would allow for a seven story structure.
 - The opinion is the land value.

Given these opposing outcomes, one building valued to remain and one building valued to be razed, we see the sale of these assets as two separate sales. Our forward recommendations follow this anticipation.

Forward Recommendations

- Armenara Building
 - We recommend listing the asset for sale at \$800,000.00. Achieving a sale in the near term eliminates the downstream demands on current operational cash. Until such time as a sale can occur, we recommend seeking and extending short term leases to provide any cash flow available. A sale in the short term also avoids what are potentially significant capital improvement requirements that have been deferred during the time we were anticipating a sale.
- Keystone Building
 - We recommend listing the asset for sale of \$5,400,000.00. the concept behind selling are the same as those for the Armenara Building.
- Combined Recommendation
 - We should not be in a huge hurry to sell. We have ample cash to operate in the short term. This leads to the potential of Landmark coming back with a deal and their entitlements. If they are able to accomplish this, our upside is significant.
 - If that does not happen in the first quarter of 2024, we can become more aggressive on acceptance of offers.

In conclusion, we ask ownership to consider this information and to provide guidance to our office for the recommended actions. Until such time as we come to resolution on sale we will continue operations according to the budgets defined.

Thank you for your time and consideration. We look forward to speaking with you soon. Please accept this email as an invitation to contact me directly with any questions.

Best,

al

Alec J. Pringle

Principal, Corporate Office

PA Licensed Realtor

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