

Binding Agreement

between

The Episcopal Diocese of Central Pennsylvania “the Diocese”

and

St. John’s Episcopal Church of Lancaster, PA “the Parish”

The Episcopal Diocese of Central Pennsylvania “the Diocese” and St. John’s Episcopal Church of Lancaster, Pennsylvania “the Parish” enter into this binding agreement setting forth stipulations related to the Parish’s securing and utilizing a \$1,000,000 Line of Credit “LOC” from Fulton Financial Bank for the purposes of funding costs related to capital improvements “the project” to the Parish.

This agreement becomes effective on Monday, May 15, 2017 and remains in effect until the above referenced line of credit has been paid in full and said line of credit agreement with Fulton Bank has been terminated.

LINE OF CREDIT

- 1) The Parish agrees to secure no more than \$1,000,000 in any form of debt including a line of credit for the purpose of capital improvements to its primary church building at 319 W. Chestnut Street in Lancaster, Pennsylvania.
- 2) The Parish agrees to provide the Diocese with a copy of the Line of Credit agreement and the Parish will not execute said agreement until it has received written approval from the Canon of Finance and Operations (“CFO”).
- 3) The Parish agrees to provide the CFO with copies of all periodic statements provided by the bank related to the LOC. Copies should be provided within 30 days of receipt by the Parish.
- 4) The Parish agrees to meet any and all requirements set forth in the LOC agreement. In the event the Parish is unable to do so, the Parish agrees to notify the CFO immediately for conversation regarding the specific conditions that cannot be met and for what reasons.

SCOPE OF PROJECT

- 1) If the scope of the project exceeds \$1,500,000, the Parish agrees not to proceed without written approval from the Bishop and the President of the Standing Committee.
- 2) The Parish agrees to not execute any unrelated capital projects without written approval from the Bishop and the President of the Standing Committee while this agreement is in effect.

COLLATERAL

- 1) The Parish Vestry must approve at their next regularly scheduled meeting, a formal motion to establish and fund a separate account in the amount of \$650,000. The motion must include agreement that these funds are restricted as collateral for the Diocese.
- 2) The Parish agrees to not release this restriction on these assets until the LOC has been paid in full, the LOC has been closed and the CFO has provided written approval.
- 3) The Parish agrees to not execute any withdrawals from this restricted account without written approval from the CFO and the Standing Committee.
- 4) The Parish agrees that in the event this restricted account value drops below \$600,000, determined by quarterly statement values, the Parish will add the necessary funds to return the account to a minimum value of \$650,000 within 10 days from the end of said quarter. In the event that the account value exceeds \$700,000, determined by quarterly statement values, the Parish may withdraw funds up to an amount that brings the account balance down to \$650,000. The Parish agrees to notify the CFO prior to making this withdrawal.
- 5) The Diocese agrees that the Parish may continue to control how these restricted funds are invested as long as the liquidity of the investment does not exceed trade + 3 days to convert such assets into cash.
- 6) The Parish, with written approval from the President of the Standing Committee, may elect to reduce the available LOC. In such an event, the Parish agrees to keep a minimum balance of 65% of the new LOC amount that can be borrowed. Funds in excess of the new minimum restricted account balance may be unrestricted by the Parish and removed from the collateral account.
- 7) The Diocese agrees to permit the Parish to release said funds from restriction if all requirements within this agreement have been met, including the full closure of the LOC. This permission must be in writing and signed by the CFO and the President of the Standing Committee.

REPORTING

- 1) The Parish agrees to provide the Diocese quarterly accounting related to the Parish's finances. This includes providing a quarterly balance sheet, income and expense statement, investment reports for all financial activity of the Parish. This includes capital projects, operations, rental properties, and all other financial activities conducted by the Parish. These reports must be provided within 30 days of the close of each quarter.
- 2) The Parish agrees to provide the Diocese with quarterly campaign reports that include total pledges, pledge payments received, other gifts received.

FAIR SHARE

- 1) The Parish agrees to provide the Bishop with a formal written statement, signed by the Vestry and Rector, outlining a three-year plan to achieve 100% participation with their Fair Share Assessment. This plan must be submitted within 90 days of the enactment of this agreement.

IN THE EVENT, the Parish is unable to meet stipulations within this agreement, both parties agree:

- 1) To meet at a time and location set by the Bishop’s office for the purpose of determining how both parties can effectively resolve the issue(s) in a manner that is in the best interest of both the Parish and the Diocese. The meeting would include the Rector, Senior Warden and Junior Warden of the Parish with the Bishop, President of the Standing Committee, and the Canon of Finance and Operations.

IN THE EVENT, the Parish is unable to fully satisfy any debt referenced in this Agreement, the Diocese retains the option to:

- 1) Require the Parish to transfer ownership of the all funds secured as “collateral” in this agreement over to the Diocese for repayment of the debt. The Diocese agrees that these funds may only be used for the purpose of servicing this particular line of credit or other financial needs of the Parish. AND/OR
- 2) Consider this a failure of the Parish as described in *Canon IV: Imperiled Parishes, Section 1, Part F*. The Parish understands that potential actions the Diocese may take include, but are not limited to the remedies set forth in Canon IV.

_____ Rt. Rev. Dr. Audrey Scanlan, Bishop	_____ Date	_____ The Rev. John W. Morris Rector	_____ Date
_____ The Rev. Barbara Hutchinson President, Standing Committee	_____ Date	_____ Ms. Jennifer Hreben Senior Warden	_____ Date
_____ Mr. Chad Linder Canon of Finance & Operations	_____ Date	_____ Mr. Tom Bond Junior Warden	_____ Date