

**TO:** Presbytery of St. Augustine  
**FR:** The Board of Trustees, The Rev. Ana Lugo, Chair  
**DATE:** July 21, 2023  
**RE:** Highlands Regional Ministry Center

**Recommendation:**

**The Board of Trustees recommends that the Presbytery:**

- (1) Authorize and approve the sale of the Highland Regional Ministry Center (HRMC) property (formerly Highland Presbyterian Church) in Gainesville,**
- (2) Grant authority to the Board of Trustees to market the property for sale to an ultimate purchaser yet to be identified,**
- (3) Authorize the Board of Trustees to complete the sales transaction with an ultimate purchaser as determined by the marketing process.**

Rationale:

- The HRMC is not a viable ministry;
- The HRMC does not have a pastor or executive director that can ensure its success. The Presbytery's action in approving this ministry created an all-volunteer Advisory Board, which is not equipped to carry out the functions of a full time or even part-time executive director;
- The Presbytery is not positioned to manage (commercial) rental property. The Trustees looked into hiring a property manager. This would only add to the monthly deficit;
- HRMC is taxing the Presbytery's budget with no turnaround in site.

**Historic Narrative Timeline:**

Highlands Presbyterian Church of Gainesville dissolved on May 16, 2016. Presbytery voted to sell the congregation's real property at the Winter 2017 meeting. Several tenants continued to use the space. Between the Presbytery's Winter 2017 and Winter 2018 meetings, a group of RE and TE proposed that a ministry center be opened at the Highlands property. The Rev. Larry Green, co-author of the proposal, would become the anchor tenant with The Gainesville Counseling Center. This would represent a "major shift in the strategic role of the Presbytery to active commercial property owner and manager;" however, it would be a favorable financial and unique missional proposition for the Presbytery. At the Winter 2019 Meeting, Presbytery concurred with the proposal. Highlands Regional Ministry Center was formed as a space for non-profits to offer missional services to the local community. The HRMC has operated from a loss position each of the 4 years since opening (5/2019 – 5/2023). *Gaps have been closed from Presbytery reserves.* On 5/3/23, the Board of Trustees was informed that two space users will be leaving the HRMC, effective 5/31/23. The HRMC is estimated to lose \$43,596 over the next 12-months, based on most recent expense rates.

HRMC Space User Update

- On April 28, 2023, the Gainesville Counseling Center informed the Board of Trustees that it was vacating the HRMC, effective May 31<sup>th</sup>, 2023.
  - Monthly contribution: \$2,460 (\$29,520, annualized)
- On May 1, 2023, Unspoken Treasures informed the Board of Trustees that it was vacating its space, effective May 31<sup>th</sup>, 2023.

- Monthly contribution: \$400 (\$4,800, annualized)
- As of May 7, 2023, there are three remaining users.
  - Combined monthly contribution: \$1,059 (\$12,708, annualized)
- While no major emergencies have been reported, we had a minor emergency reported by the security system, and recently a storm resulted in several fallen trees.

#### Ministry's Financial Status

- Based on 2022 expenses, the HRMC costs approximately \$4,692 per month to operate (\$56,304, annualized).
- Budgeted annual carrying cost for the property for 2023 is \$75,100.
- With the current usage income estimated @\$11,100.00/year, the net carrying cost for the presbytery is \$64,000.00.
- Furthermore, we need to consider the opportunity cost we are losing by not having the funds available for investment or other uses.
  - For instance, assuming we can net \$900,000 from the property sale and earn 5% on those proceeds, that is **\$45,000** in lost income, bringing the total cost of holding the Highlands property to **\$109,000** / year.

#### Additional Context

- The Highlands Presbyterian Church (the "Church") obtained a Special Use Permit ("SUP") in 2009 which allowed a private school to be operated on the property. Shortly thereafter, the Church sold a portion of the property (.58 acres) to Karen Porter who used that property for a private school.
- On April 21, 2017, Karen Porter conveyed to Laniakea Montessori School the .58 acre parcel previously conveyed to Ms Porter in 2009 by the Church.
- The Presbytery took legal title to the remaining Church property in 2019.
- A dispute developed between the new owner of the school property and the HRMC with respect to the interpretation of the SUP regarding shared vehicular access, parking and use of recreational space. This dispute has continued for several years and escalated in recent months; however, the dispute is currently "on hold" pending a decision on whether or not the Church property will be placed on the market.
- On July 5<sup>th</sup>, 2023 The Board of Trustees received an independent appraisal report for the property, a necessary step for marketing the property.