



# EVANGELICAL UNITED CHURCH OF CHRIST

## EUCC Construction and Financing Meeting – January 31, 2009

### Call to Order and Establishment of Quorum

Laura Bardelmeier, Governing Body President, called to order the meeting at 9:45 am; the congregation met in the EUCC Sanctuary. Scott Guerrero was identified as the Parliamentarian. The number of members present at the start of the meeting was 64 (with a minimum of 55 required for a quorum).

### Presentation of Building Committee Motion

Gary Boehnke and Doug Cormack of the Building Committee presented the background for the proposed Phase I construction.

#### Background:

A number of factors were considered in the decision to recommend the following three elements per the summary below and per additional detail outlined in the attached handout.

**South wall Replacement:** This work would be linked to the proposed electrical upgrade and roof replacement. It also is a major factor in energy efficiency. From a maintenance standpoint, exterior wear and tear is evident in addition to interior damage due to water penetration.

**Roof Replacement:** The roof is beyond its useful life and its current condition is beyond repair to include leakage problems that have repeatedly affected the classrooms and skylights in the Narthex.

**Relocate and update the electrical service:** In addition to the requirement for the main electrical service to be moved in conjunction with the south wall replacement (as the current service is attached to the south wall), upgraded electrical capacity is required for future master plan components. A new 800 amp, 480/277 Volt, 3 phase service would have the capacity for future HVAC upgrades, a new elevator, and internal wiring upgrades.

Capital campaign pledges support the funding of the south wall, roof, and electrical elements. It was determined that to add the HVAC component in the Phase I Construction would require an additional \$147,000 loan; with interest in excess of \$200,000 during the life of a 19 year loan. As part of the repayment of the loan, the annual operating budget would have to incur expenses of approximately \$20,000 per year.

#### Questions:

How many banks were researched for the Phase 1 construction loan?

Approximately four to five banks were approached and Cornerstone was selected. It was determined that although the interest rate was somewhat higher, a number of fees are not required in comparison to other lending institutions. Cornerstone Fund was created to offer loans to local churches and other organizations related to the United Church of Christ. The profits earned from the interest paid is used in turn to fund loans to other churches and organizations throughout the denomination. The rate of interest can be lowered if church members use Cornerstone for CD's or other investments and more information will be provided on that process.

Will the Building Committee oversee the construction?



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The Building Committee will still be in place until the Phase 1 construction has been completed.

How will the new electrical service enter the building?

The new electrical service will be fed via an exterior Pad transformer and fed underground into the building mechanical room (from the Plant Avenue side). Work will also include the replacement of a service panel in the mechanical room and two new transformers either in the mechanical room or in a space near the mechanical room.

Additional discussion:

The members of the Building Committee and the Capital Campaign Committee were recognized for all of their hard work.

### Motion:

Laura Bardelmeier presented the following Building Committee motion:

The Building Committee moves that the congregation of EUCC approve construction of three elements of the Master Plan at an anticipated project cost of \$513,000.

- Replacement of the South Wall
- Replacement of Narthex and Education Building Roof
- Relocation and update of the electric service.

This project will be financed to cover project costs during the gap between construction payments and receipt of pledges.

The motion was moved and seconded. Laura then asked if there was any discussion. After no further discussion, written ballots were provided to the members to either vote "yes", "no", or to "abstain". Laura explained that a simple majority would be required for the motion to be approved. After counting of the votes, it was determined that the motion was approved with a "yes" vote on 67 of the ballots.

### Adjournment

A motion to adjourn was moved and seconded, and after no further discussion requested from the congregation; adjournment was approved. The meeting ended at 10:30 a.m.



**EUCC Phase 1 Building Committee  
Motion – Decision Factors - Rationale**

**Motion for January 31, 2010 Congregational Meeting:**

The Building Committee moves that the congregation of EUCC approves construction of three elements of the Master Plan at an anticipated project cost of \$513,500. The three elements are:

- 1) Replacement of the South Wall,
- 2) Replacement of roof,
- 3) Relocation and update of the electric service.

This project will be financed to cover project costs during the gap between construction payments and receipt of pledges.

**Rationale**

1. Limit construction to what we can pay for with existing pledges.
2. Project paid for by December 2013
3. Faith – Hope – Trust? -- that the boiler will not require major repairs within next three to five years
4. Adding HVAC meant:
  - a. \$147,000 additional cost
  - b. borrowing for approximately 19 years
  - c. interest of approx \$177,000
5. Will not place additional demands on General Fund after Capital Campaign Period
6. Phase 2 of Master Plan can begin much sooner

**Decision Factors**

**Interdependency**

- 1 The South Wall replacement is linked to electrical changes
  - a. This is the entry point for the building's electrical service
- 2 The South Wall is linked to the roof replacement since they share a common interface.

**Energy efficiency**

1. SW windows – single pane – significant energy loss
2. SW replacement adds insulation

**Need to address issues now**

1. Roof beyond age of useful life
2. Water leakage into classrooms – repeated damage
3. Skylights in narthex failed and leaking

**Sequential preparation for Phase 2**

1. Electrical system upgrade required
2. Use Phase 1 work to establish alternative solution for elevator

**Cost of total project to add HVAC at this time \$660,000**

Would need to borrow	\$580,000
Available to pay on loan from CC & Extension Funds	\$484,000
At end of Capital Campaign 12/1/2013 church would still owe	\$192,474
General Fund picks up loan at annual cost of	\$20,000
At end of 2020 church would still owe	\$131,850
Loan paid off 2030	
Total interest	\$177,000

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**EUCC Phase 1 Building Committee  
Motion – Decision Factors - Rationale**

**Anticipated Cost of Three Component Recommendation**

**Costs**

<b>Construction Cost:</b>	<b>\$ 513,500</b>
<b>Pre-construction Costs</b>	<b>\$ 38,000</b>
<b>Total Project Costs</b>	<b>\$ 551,500</b>

<b>Number of months for loan:</b>	<b>36</b>
<b>Phase 1 Interest Rate:</b>	<b>6.250%</b>
<b>Amortization Period</b>	<b>5</b>
<b>Minimum Payment:</b>	<b>\$ 8,431</b>
<b>Expected Payment</b>	<b>\$13,444</b>

**Income**

<b>Total Pledges</b>	<b>\$ 685,000</b>
<b>Expenses paid (loan payoff &amp; CC fees)</b>	<b>\$ 83,000</b>
<b>Pledges available for design and construction:</b>	<b>\$ 602,000</b>

**Financing**

<b>Fees paid in cash:</b>	<b>38,000</b>
<b>Construction costs paid in cash:</b>	<b>80,000</b>
<b>Loan Amount:</b>	<b>\$ 433,500</b>
<b>Amount available for loan payment:</b>	<b>484,000</b>

**Possible Scenario for Financing Cash Flow**

	<b>Months</b>	<b>Loan</b>	<b>Monthly Payment</b>	<b>Annual</b>	<b>Tot Interest</b>	<b>Tot Payment</b>	<b>Remaining Principal</b>
Capital Campaign	36	<b>\$433,000</b>	\$13,444	\$161,328	\$40,455	\$483,984	\$0

**Recommendations**

1. Recommend the formation of a new Building Committee in 2013 or sooner if deemed appropriate
2. The Building Committee be charged to study and recommend the next components of Phase 2 of the Master Plan
3. The Phase 2 Building Committee would recommend specific projects, to be completed in specific order, based on the funds pledged in a second Capital Campaign
4. Allocate resources in General Fund for Phase 2 Committee to hire professionals needed to analyze, complete preliminary design for the components of the Master Plan to be recommended for Phase 2
5. Initiate a second Capital Campaign in 2013 based on recommendation of Phase 2 Building Committee
6. Phase 2 construction could begin in 2014 pending successful outcome of Capital Campaign
7. Building Committee strongly recommends the creation of a Capital Reserve Account in the General Fund