

Special Congregational Meeting
10 April 2016 approved Minutes

Meeting Called to order at 12:08 with a quorum established. It was established there are 12 proxy votes.

Purpose of the meeting: to review and vote on a contract for a new HVAC system.

Joseph Gress, President of the Board of Trustees, reviewed a power point presentation of the history of the HVAC system:

The December proposal was \$160,000. The congregation was concerned with this cost and requested the HVAC Task Force go back and seek 2 quotes.

The proposed design is for residential furnaces with 95% efficiency energy star rating and air conditioners with 14 SEER. The combined pairs would create 5 zones - the conference room, hall, offices, classrooms, and sanctuary. The proposal also includes a 30 gallon electric water heater.

Bid process - we had an independent engineer draw up the blueprints and put this plan out to bid. The HVAC Task Force solicited bids from 9 contractors. Four contractors expressed interest in bidding, but only Allegiant submitted a bid, for \$94,000.

The proposal is for \$94,000 plus \$10,000 in contingency costs to be used only if needed. The congregation asked for 2 bids, but we were only able to obtain one.

Why other contractors did not follow up:

- Great Lakes H&C said it was more than they wanted to take on.
- Goff H&C was very interested but the size of the ducts was larger than residential and they did not have the equipment needed.
- Dynamic was not comfortable with residential equipment.

The proposal recommended by the Board of Trustees, the HVAC Task Force and the Finance Committee is to approve the contract with Allegiant H&C to replace our heating and cooling system for \$94,000 with \$10,000 contingency.

How to pay:

- \$10,000 from a disbursement from the Endowment which will need to be approved at the May Congregational meeting.
- \$76,764 from other existing savings: capital campaign, capital improvement fund, the building fund (leaving a prudent amount of savings)
- \$17,236 in the form of a loan from 1st Source Bank

Members and Friends may contribute to reduce or eliminate the need for a loan.

Question by Jim Curlee - since the scope of the project changed can you tell us the qualifications of the engineer in regards to residential systems?

-Answer: Roland Klockow is an independent contractor who specializes in residential HVAC systems. Several of the HVAC task force -- Jim Ward, Alan Hamlet and David Mayfield -- are engineers. It was felt that since the usage of the building is light for a commercial building, the consensus of the committee was comfortable with a residential system.

Question by Barbara Williams - will there be heat in the bathrooms?

-Answer: yes

Comment about heat pumps - Kathy Vetter clarified that in talking to Roland Klockow in December, he did not think that a heat pump system would get state approval because it would not have provided proper ventilation. We already have state approval for the current proposed system.

Question by Lois Holm - Are all the pieces going to fit in the mechanical room.

-Answer - yes, the furnaces and hot water heater will fit in the mechanical room, the air conditioners will be outside.

Question by Barbara Williams - Is anyone concerned that other contractors were not confident in a residential system?

-Answer by Alan Hamlet - only one contractor was concerned about the design, the other had concerns about not having the correct equipment.

Chuck Leone discussed how to fund the project, referring to the "orange sheet" that had been handed out at the meeting.

Funding:

- from the Endowment - an annual distribution of \$10,000 (not from principal) to be approved at the May congregational meeting
- \$15,000 from the church's Building Fund (\$10,000 will be kept for roof repair and other needs)
- \$11,764 from the new Capital Improvement fund
- \$50,000 from the Capital Campaign fund
- \$17,236 loan from 1st Source Bank (if needed)

As a reminder - According to Janet Bogar, we expect \$64,000 to be left in the Capital Campaign Fund as of August 2017 [which marks the end of the first three years of our mortgage, the period for which the Capital Campaign was intended]. After using \$50,000 of that for the new HVAC system, we will keep a reserve of \$14,000 to pay for 1/2 of the mortgage payments after August 2017, as we transition to paying for the mortgage from the operating fund.

Motion by Kathy Vetter - we approve, as the Board recommended, a contract with Allegiant for the installation of a new HVAC system with the funding sources previously detailed. Seconded by Dale Gibson.

Discussion:

Questions by Dan Holm - if approved, what is the timeline?

- Answer by Kathy Vetter - if approved we plan to sign a contract on Tuesday with work to begin on Wednesday. It is expected to take 60 days.

Question by Dan Holm - when will the solar panels be installed?

- Answer by Kathy Vetter - we need to wait on the solar panels until the work on the mechanical room is finished and after the roof leak is repaired by Dudek roofing. The solar panel installation will only take a couple of days.

Comment by Anne Mannix - "this is a new high water mark" - recognition to the HVAC Task Force and Finance Committee.

Comment by Alan Hamlet - the quote for the new hot water heater seems high.

Suggestion - get another quote from Home Depot, for example.

- Joseph Gress clarified that the quote from Allegiant was for \$3000 for the 30 gallon hot water heater.

- Anne Mannix - comment - it may not be worth the trouble to get another quote.

- Chuck Leone - the complication with the water heater is that it also requires new plumbing. The old water heater was gas, the new one is electric and it has more details than a home water system. The old water heater was part of the boiler system.

- Kathy Vetter - insulation will also be added to the pipes. There is also the advantage that the same contractor will have both warranties.

- Jim Curlee - \$3000 is for the water heater and a lot of other things - let's go for it.

- Dan Holm - let's call the question.

Vote: yes – 30 no – 0 abstentions - 0

Proxy votes: yes – 12 no – 0 abstentions - 0

Joseph showed one more slide on the Power Point about our future finances. The cost of the loan is less than what the maintenance and repair would be on the old system.

Looking ahead to 2017-2018: 1/2 of the mortgage payments will be from the operating budget. For 2018 through 2028 we project a net increase in [the expenses of] our operating budget of roughly \$27,000 per year. This results from the annual expenses of \$32,400 for the mortgage payments and \$2200 for the HVAC system loan, and the projected \$7000 savings from a reduction in maintenance, repair, and utility costs.

Joseph --thank you for your generosity for the HVAC system; \$11,000 has been donated.

Kathy Vetter - demolition will begin Wednesday in the mechanical room. Be aware that workers will be in the building from now until June. There will be updates in the Chirp.

Move to adjourn by Lynn McDonald, second by Rich Wallace at 12:47 pm.

Addendum - "orange sheet" with finances for funding explained and information on the proposal.

Gail deSomer
Acting Secretary