

FCC Board Meeting
First Congregational Church of Minnesota, United Church of Christ
Thursday, March 21, 2024
7:00 – 8:30 pm
Meeting on Zoom

Minutes

Attendance: Linda Valerian, Jane McBride, Chris Bohnhoff, Xan Laurence, Hikaru Peterson, Jean Anderson, Mary Byers, Carl Dyar, Paul Fate, Kris Felbeck

Absence: Tom von Sternberg

Guests: Jean Chagnon, Greg Hubinger, Sally Wingert

1. Opening — Kris Felbeck
2. Check in with each other.
3. Approve minutes from February meeting.
Moved Paul, Seconded Mary - Passed
4. Report on HVAC study: Summary of what was learned in the meeting with Angela from M & M and David from LHB and the steps the HVAC working group is taking to follow up, and consideration of whether or not to apply for grant funds to prepare construction documents for either the air source or ground source heat pump option – Paul Fate (see report and spreadsheet in Dropbox)

Presentation (Paul Fate): *We engaged M&M and LHB. There are other members of the HVAC committee here on the Board. We were driven by knowing that the current system is on its last legs, although we since learned that we have a bit more life than originally expected. The HVAC committee set the following 6 goals:*

1. *Replace heating system*
2. *Lower our carbon emissions and minimize our use of fossil fuels*
3. *Affordable*
4. *Affordable operating costs*
5. *Have summer cooling*
6. *Dedication to sustainability and the earth*

Consultants came up with five replacement options (see report)

1. *Steam boiler (what we currently have)*
2. *Condensing hot water boiler*
3. *Air source hot water heat pump boiler*
4. *Low Temp Air Source Heat Pump*
5. *Ground Source Heat Pump*

Report listed pros and cons, plus cost analysis (both investment and operating)

Paul's conclusion:

The first two options would continue to rely heavily on fossil fuels and would not provide cooling

#3 is expensive to install and has the highest 25 year operating costs

#4 and 5 are probably our best options that match up with our goals

Both of these (#4 and 5) are newer technologies and need further investigation

Ex: Ground source heat pumps have the most generous funding from state and federal – up to 50% of cost – but the specifics need research

Ex: Ground source heat pumps are site specific; some further research is needed

Paul talked with Angela (M&M) today – she will have more specific costs within the next 2 weeks

Discussion:

- *Fourth option needs further research because from the spread sheet it appears that the operating costs for #4 are about twice that of #5.*
- *Re: newness of technology: #4 has been used in many moderate climate sites – but not so much in colder climate locations like Minnesota.*
- *Re: newness of technology: #5 has been used in many installations when there have been many wells, but the Darcy Well version (one well) is fairly new. Mt Olive Lutheran in S Minneapolis installed a #5 about seven years ago and they have been happy with it. They have a big parking lot (where the wells were installed) and a wealthy congregation (there were no state or federal credits at the time they installed the system).*
- *Option #5 – even if the hole is permanent, there will still be parts that need to be replaced over time; Paul agreed*
- *Next steps: Will need construction documents, which could cost between \$70,000 and \$80,000. MHS grant could cover about 80% of that cost (\$15,000 - \$17,000 would be our share)*
- *How high a priority is cooling? Is it really that important? Answers: Flourish report really stresses the need for Air Conditioning (AC) if we want to secure tenants, especially upstairs. And as climate warms, the church could even become uncomfortably warm for people who attend only on Sunday mornings*
- *The report references appendices that are not included – Paul will locate them and send them to all Board members.*
- *We don't need to make a decision tonight, but researching needs to continue. The grant process is slow – if we want to apply for funding for the construction docs, we need to decide that soon. Another alternative is to use some of our remaining Capital Campaign funds for the docs.*

5. Report on Flourish: Hear from the Flourish working group (Sally Wingert representing the group) about ways they are planning to go forward with the short-term and longer-term aspects of the action plan; reflect together on the report (see report in Dropbox, particularly the action plan on pages 16-17)

Presentation (Sally Wingert) – *There are some short-term goals that could be achieved with a minimal investment of money or energy*

- *Use upstairs classrooms for artist studios/spaces. Probably don't even need to paint them. We have to be OK with floor getting dirty. They will need sink (which we have). If we could open up the back staircase, the artists could avoid walking through the Gathering Hall. Some of the upstairs windows do not open. Cooling could be an issue. A lower rent would have to be charged because of the AC issue. We could use fans, and possibly install window AC units.*
- *Get a commercial kitchen license – we will need to do research and get a consultant. However, we don't want to draw attention to Community Kitchen, which is operating under the radar. A commercial kitchen could be a viable income stream. How close are we to qualifying for a license? And how would outside users of the kitchen fit with the Community Kitchen folks? Storage and space might need to be renegotiated with Community Kitchen. Right now, they are fully using all of the space. Some kitchen users would be in and out in a single day – they would not be long term occupants.*
- *The organ was considered and discarded as an income option – according to Sally's sources, many churches offer their organs for free to students.*
- *What about music rehearsal space? That needs researching – is there a demand? Would it be an income generator? Cooling issue would probably also be a factor.*
- *The large classroom could also be used as a conference space. One of the smaller classrooms could serve as a small office (this is assuming that they were not being used as artist studios). There would also be a need to "spruce up" (i.e., paint and replace carpet) the spaces if they were to be used as meeting or office spaces.*
- *We also need to address how much more custodial services we will need. Is Brad looking for more hours?*
- *Next steps – decisions do not need to be made tonight, or immediately. The Flourish team will keep the Board apprised going forward.*

6. Report on Preservation work: Receive and discuss documents from Jean Chagnon that details the history of our preservation work and suggests how we might move forward with remaining projects - stained glass window restoration and painting. (see three documents in Dropbox)

Presentation (Jean Chagnon) – *We did our last Capital Campaign in 2016 – the goals were to repay the loan for our exterior work, repay the carpeting, and do plaster and paint. Through a variety of events, we have gotten everything done (except the interior painting), and most of the windows restored. Did not get grant funding for paint. Board needs to make decisions on how to move forward. There are two big projects that need to be done:*

1. Complete the restoration of the windows (the remaining art glass window on the east wall, the Tiffany window and the two large stain glass windows on the south and west walls)
2. Do interior painting of Sanctuary and Gathering Hall

Can only apply for one grant at a time. So, if apply for windows, cannot also do HVAC construction drawings.

There is approximately \$100,000 remaining in the Capital Campaign account. This would be sufficient to cover our matching portion for the restoration of the windows and HVAC construction documents. Cannot currently pursue grant funding for interior painting (see following paragraph).

*However, at this point, painting is considered maintenance and is **not** grant fundable through MNHS, but that may change with a re-write of the grant manual, which would apply to the grant year 2025. **Until the new manual comes out, we cannot apply for a paint grant.** If manual is not rewritten, we would need to explore other funding options (National Fund for Sacred Places? Or others).*

Decision that has to be made: *Apply for a grant either to support construction documents for HVAC (which would reduce the total cost of the documents from \$70,000 - \$80,000 to \$15,000 - \$20,000) **or** to restore the windows. This decision needs to be made soon, since the deadline for the initial application is May 31.*

*Note: we have sufficient Capital Campaign funds to do **two** of these three matches (assuming that we receive grant funding for all three projects at some time in the next few years): 1. HVAC docs; 2. Window restoration; 3. Interior painting.*

Question: *Is using Capital Campaign funds appropriate for paying for HVAC construction docs, or is that money implicitly earmarked for interior renovations?*

7. Sabbatical Planning: Approve sabbatical materials. (see contract, four-way covenant and planning document in Dropbox)

Jane talked to Conference office – we need to create a four way covenant for Chris (see attached). It gives him the authorization to do this ministry with the approval of the state UCC. Compensation would be called Housing Allowance, rather than salary. We need official Board approval on the contract and four-way covenant. The other pieces are more informative (no approval is needed). Chris and Jane have gone over the contract several times – they feel it is reasonable.

Motion: *To approve the Contract and the Four Way Covenant – Paul Move, Xan Second – Passed*

What does the Board need in the way of information and support as we mull over these three big topics in preparation for the April Board meeting, where we will need to make some decisions?

The main decision will be whether to move ahead with HVAC or preservation in the next 12 months. Flourish and alternative uses of the building are less pressing.

Suggestions:

Interim report from work groups in about two weeks, so we have more information.

Need to reconvene the HVAC work group once we get additional information from

Angela

8. Paul Fate from Investment Sub Committee – *This year we learned that there had been tax withholding (approximately \$8,000) on the annual draw down, for the first time, as a result of the brokerage house (Pershing) mistakenly either believing that churches pay taxes or not fully*

understanding the SEC regulations around this issue. Jim Larson, our investment advisor, did not pick up on this issue and let the withholding occur without his intervention. Now we are trying to recover that money. Initially, Jim told us that he was confident that we would get it back, but it turns out that Pershing has decided to not try to recover the money. Jim has offered the services of his own CPA and will pay the costs.

After discussion, it was decided that the Sub Committee would identify an independent CPA with knowledge in this area, and ask Jim to pay the fees of this independent person, rather than using Jim's own CPA. The Sub Committee is also interviewing replacement investment advisors.

An additional question was raised: Why do we need an investment advisor? Why not manage our own investments?

This question will be dealt with after the Sub Committee has resolved the withholding issue.

9. Clarification about the Retreat – The purpose of the Retreat is to start planning for the next program year. There will be no specific discussion of the topics raised during tonight's meeting (except as they may impact planning for next year) and no decisions about these topics will be made at the Retreat.
10. Reports and action – Discuss only as needed:
 - Treasurer and Finance Committee
 - COVID working group
 - Building Committee
 - Preservation Projects
 - Building Use group
 - Planned Giving group
 - Principal Minister
 - Personnel Committee
 - Reports on ministry team visits – Hospitality & Engagement Team - Jean A. and Tom
11. Closing — Kris Felbeck

Next board meeting: Thursday, April 18, 2024, 7:00-8:30PM

April planning retreat: Saturday, April 20, 2024, 1:00-3:30PM