

From Steve Kahn, Board President September 27, 2015

Today the congregation is being asked to approve a Special Campaign to raise funds for our HVAC system (heating, ventilation and air conditioning system), to reduce the size of our mortgage and to make improvements to the Social Hall. Congregation approval is necessary because our bylaws do not permit the Board to make a decision of such importance. Thank you for taking the time to be here today for this purpose.

Some of you may be hearing about these issues for the first time today. Or you may have read about it in President's columns over the past two years, or attended one of the Board Open Houses this past week or on Sundays between services over the past year. A review might be useful.

Over the past four years, together with the Building and Operations Committee and the HVAC team (made up of three member-volunteer engineers), the Board has been studying options for how to address our aging furnaces in the Social Hall and RE wing. Built in the 1980s with 20-25 year life expectancies, they have been nursed along by the good work of volunteer members. They are overdue for renovation or replacement. Some furnaces could fail at any time. The systems are inefficient and indoor air quality is not what it should be. When it comes to HVAC, we are not "walking the talk" in line with our environmental values.

A new system would be efficient, "greener," with better indoor air quality and it would be built in a way that would create an integrated system with the sanctuary that would work as one unit. That we need a new system is not the question today. And as UUs we will have many opinions about the exact technical nature of the new system:

Is it trying to be too green and is more expensive than we can afford?

Or

Is it not green enough to match our values?

Those questions are probably better off addressed in smaller groups. If you are interested in meeting with the HVAC engineers, please let me know and I will get you in touch with them. One of the engineers, Kate Edwards, is here today.

Also, our Board meetings are open to all. Please feel free to attend, we usually meet the first Wednesday of each month and these meetings are listed in the calendar. So, even though there is a draft of a plan with approximate costs, we haven't asked any contractors for formal bids yet and there is still time to influence the exact details of the new system.

To fully understand how we got here, it helps to remember that 25 years ago we were a much smaller congregation worshipping elsewhere in Mahtomedi. Jane Bacon, Bill Bushnell, Solveig Seim and Victor Urbanowitz provided some history. They told me we were a congregation of 86 people (compared to 767 today) and that in May 1989 they had raised funds to renovate and expand the small building on Mahtomedi Avenue when they learned that the Methodist Church at the corner of Hallam and Maple was for sale. By September of that year they had decided to launch a capital campaign to purchase that building, our church building. This was accomplished between May and September even though there were no formal services held in the summer months and the congregation was in the process of searching for a new minister. It felt risky to sell their cozy, familiar building and to take on a building that was too large for the small congregation. I am quoting here: “But we completely believed in ourselves as a community so we took that leap of faith.”

Services were held in the Social Hall for about 15 years. In 2005, the need for a new sanctuary was apparent and plans were made for a \$3 million dollar project. We were about 350 members at that time and about \$2 million dollars was pledged and \$1.3 million was borrowed. This was an amazing event in the history of our church. But even though we “only” had to borrow 1/3 the cost of the sanctuary, and even though we have been in a period of historically low interest rates, the mortgage payments since then have presented us with a significant impediment. We are at 4.25% and have always paid our mortgage responsibly. Out of \$700,000 in payments we have reduced the size of the mortgage by \$400,000. We currently owe about \$900,000 on our mortgage. Through it all, things have proceeded very well. The sanctuary helped us welcome new members who grew their souls and joined us in important social justice work. But think of what we could have done with the \$300,000 that went to the bank as interest payments.

You may know that churches are commercial property and don’t qualify for 15- or 30- year loans. Rather, the loans are renegotiated every five years and our current mortgage matures in October 2018. It is very likely that our new rate will be higher. The Board works very closely with the Financial Oversight Committee and the chair of that committee, Jack Juvette is also here today.

We never missed a mortgage payment even when the recession hit. But we did stay at one minister as the size of our church membership soared past the point at which a second minister was needed. At about the same time and for the same reason, we laid off two staff members and operated for quite a few years with a smaller office staff than a church our size should have had. I have reviewed UUA benchmarks for ministerial and office staff for UU churches our size and while

things are better now, we are still not quite where we should be. And I was on the Financial Oversight Committee for quite a few years before joining the Board.

Every year the Board develops an annual budget based on the annual pledges. A very large portion of the annual budget goes to personnel, the mortgage and the building needs. The Board and the Financial Oversight Committee are very conservative when it comes to expenses. We have not been living high on the hog, at all, ever. But there is just no way we could have become the church we have become if we were setting aside the kind of money the HVAC system needs. Similarly, we are held back from important work that we could be doing by our mortgage payments. That is why this Special Campaign asks you to consider the HVAC needs and mortgage debt in one breath. The third piece, improvements in the Social Hall, is mainly to take advantage of the fact that the Social Hall is going to be torn up and unavailable to us for periods of time and it would be short-sighted to not take advantage of this to try to make that space more comfortable.

So just as the generation of WBUUC members from 1990 and 2005 were giants who propelled us forward to become the church we have become, it is now our turn to be giants and propel our church into the future. Our immediate need is to replace our aging and environmentally unfriendly HVAC system with as green a system as we can afford. Our longer-term need is to reduce or eliminate our mortgage payments so we can direct that money to maintaining and appropriately supporting our current staff and to future building needs.

The savings will be significant. Money we send now to the bank or spend to patch old furnaces will serve our vision so much more powerfully when directed to those things we value most. Based on the history of generous giving, the Board, working closely with the Financial Oversight Committee and having conducted a feasibility study with a professional fundraiser, believes we can raise \$1.25 million dollars for these pressing needs. Our congregation is strong and healthy, and we are ready to invest anew in our beautiful facility, maintaining this house for future generations.

For Jackie and me, this church has been nothing less than life-changing and I believe this is true for many of you as well. The sermons and the music, RE and the Social Justice work we do, there is no question that WBUUC is an important presence in our lives and in the greater community as well. And even though the purchase of a new church and the construction of a new sanctuary may seem more exciting than HVAC and mortgage reduction, I ask you to consider our current needs as equally exciting and important to the long-term health and future of our beloved community.

