

Ascension Lutheran Church – Special Virtual Council Meeting Minutes

Littleton, Colorado

Wednesday, May 20, 2020

Virtual Meeting via ZOOM.com

In attendance:

Council Members: Linda Achziger, Collin Brinkman, Allen Brookshire, Connie Fringer, Norm Fringer, Sherry Hitztaler, Kathy Johnson, Roger Koester, Pastor John Larson, Don Loptien, Dennis Lord, Joyce Lord, Tim McClaren, Arvin Michel, Brian Wilson, Marion Wilson, Rev. Michael Zehnder.

Guest: Bob Hea, West Wing Remodel Committee

Call to Order: In light of the continued unprecedented circumstances with the Coronavirus (COVID-19) pandemic, the governmental requirement for social distancing, and "safer at home" orders to prevent the spread of the virus, a special Council meeting was called using the virtual Web software format ZOOM. At 6:35 PM on Wednesday, May 20, 2020 President Arvin Michel called the Zoom meeting to order.

Opening Prayer: Pastor John Larson offered an opening prayer.

Approval of Meeting Agenda

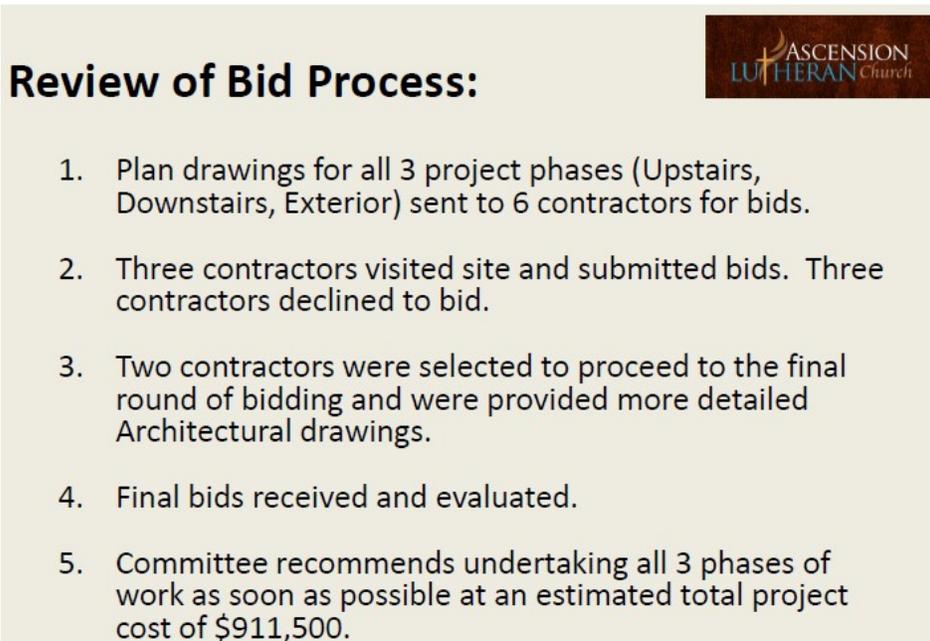
- Arvin indicated there is only one agenda item. The West Wing Remodeling Committee has a project update.

Ongoing Business

West Wing Remodeling Project Update– Bob Hea and Roger Koester.

Bob Hea presented the following slides to the Council along with added explanation of each.

SLIDE 1



Review of Bid Process:

1. Plan drawings for all 3 project phases (Upstairs, Downstairs, Exterior) sent to 6 contractors for bids.
2. Three contractors visited site and submitted bids. Three contractors declined to bid.
3. Two contractors were selected to proceed to the final round of bidding and were provided more detailed Architectural drawings.
4. Final bids received and evaluated.
5. Committee recommends undertaking all 3 phases of work as soon as possible at an estimated total project cost of \$911,500.

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- Bob Hea explained that 2 of the 3 contractors were reasonably close in their bids for the project. The 3rd contractor was "way out in left field" and was eliminated from contention.
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SLIDE 2

Project Bid



Phase I, II, & III (Contractor 2):

Phase	Area	Bid Cost
Phase I	Upper Level Remodel	\$262,300
Phase II	Lower Level Remodel	\$246,300
Phase III	Exterior/Windows	<u>\$284,000</u>
	Sub-total	\$792,600
Contingency *	15%	\$118,900
Total Project Cost		\$911,500

* The contingency amount covers unexpected problems encountered, costs not covered by the Contractor such as performance bonding, builders risk insurance, taxes, etc., and change orders.

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- Bob Hea believes both of the contractors being considered are good and reputable. One of the two is a much larger company who has worked on bigger projects and they have been in business for a while.
 - Question: The bids are on a “cost-plus” basis?
 - Answer: Yes.
- The 15% contingency amount is reflected in the total project cost and required by Lutheran Church Extension Fund (LCEF), if we decide to finance through them.

SLIDE 3

Project Funding:

#	Sources of Funds	Amount	Comment
1	Cash on hand	±\$200,000	Equals cash reserves plus sum of dedicated building related funds.
2	Congregational Fundraising	TBD	Typically ask for 3-year commitments from members. Could be combined with a loan.
3	Borrow from Lutheran Church Extension Fund (LCEF)	TBD	LCEF recommended loan: 4.375% ARM, Term: Up to 20 years, No penalty for early pay-off

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- Treasurer Allen Brookshire commented that the \$200,000 mentioned in the slide is a rough estimated figure.
- Bob Hea made the point that we would certainly do a fund raising effort, but it is a long process. The bids are only good for 30 days. He would not envision us waiting for the money from a fund raiser before starting the project. So, we would likely have to secure a loan and then raise funds to pay down the loan.
- LCEF offers a loan with a variable interest rate, but the loan payments would stay the same throughout the life of the loan. These terms allow for easier annual budgeting for the congregation.

SLIDE 4

Congregation Options:

#	Description	Cost (Including Contingency)	Most Likely Funding Method
1	Do no improvements	\$0	N/A
2	Remodel upstairs only (Phase I)	\$273,400	Use cash on hand plus small fundraiser
3	Remodel upstairs and downstairs (Phase I & II)	\$585,000	LCEF loan paid off early by cash on hand plus fundraising (\$3662/month payment)
4	Remodel upstairs, downstairs, and exterior (Phase I, II, & III)	\$911,500	Larger LCEF loan paid off early by cash on hand plus fundraising (\$5705/month payment)

- Question: What are the committee's thoughts on fund raising?
- Answer: Bob Hea indicated that there would certainly have to be a fund raising effort. He has had some past negative experience with hiring someone from the outside to do fund raising. So, he feels we could handle the fund raising in-house.
- When it comes to making loan payments, we would begin by using the \$200,000 cash reserves for the \$5,705 monthly payments. It will then give us time to get cash from fund raising efforts.
 - Question: Does the congregation currently have debt?
 - Answer: Allen Brookshire indicated that we just secured a Payroll Protection Plan forgivable loan from the Federal Government totally \$89,242.50. Otherwise, we do not have debt.
- Bob Hea indicated that the contractor bids were good for 30 days, but he felt strongly that we could get a time extension, if needed.
- Comments:
 - It is not a good idea to complete only certain phases in the plan and not the entire project.
 - God has blessed this congregation beyond measure.
 - New windows in the project on the upper level of the building will save energy costs.
- Questions (Q) and Answers (A)
 - Q: It the option to "do nothing at this time" really a good plan?
 - A: No, it is not a good plan because before very long we will have to do something.

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- Q: Some of the remodeling will benefit the Preschool and some benefit the entire congregation?
- A: A small amount is truly for the preschool, but it does bring the building up to expectations of the preschool staff, students and parents.
- Q: Could the Preschool extend their schedule to 5 days a week to increase use of the building and benefit the parents, also increasing tuition?
- A: The idea adding days to the schedule has been explored. It puts the Preschool into another "ballpark" on governmental rules and regulations. It did not seem feasible at the time. But, we could open another classroom instead. Right now we are going through some staffing adjustments. So, we will certainly continue to explore these options and survey the parents.

SLIDE 5

Pros & Cons of Each Option:

#	Option	Pros	Cons
1	Do no improvements	No cost, no disruptions	Interior needs carpet, paint, lighting, AC. Exterior looks dated.
2	Remodel upstairs only (Phase I)	Low cost. Will not require debt. Minimal disruptions if started soon.	Does not address problems in School area or exterior dated look.
3	Remodel upstairs and downstairs (Phase I & II)	Addresses primary concerns in heavy use areas. Minimal disruptions if started soon.	Requires taking on debt.
4	Remodel upstairs, downstairs, and exterior (Phase I, II, & III)	All issues addressed. Minimal disruptions if started soon.	Requires taking on debt.

SLIDE 6

Final Thoughts:

- The Church complex is relatively vacant which creates a unique opportunity to remodel.
- Contractors are starting up again but still hungry for work.
- Interest rates are at historic lows.

Committee recommends undertaking all 3 phases as soon as possible.

- Q: How quick can we do the permitting?
- A: It should be pretty quick, especially since the activity at the City of Littleton is slower with the COVID-19 shutdown situation.
- Q: How long do you expect the entire project to last?

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- A: For all three phases, it should take three months. Demolition could start as soon as early June with construction to begin in early July.
 - Q: How can we factor in the start of Preschool in the construction plans?
 - A: We are confident the contractor will be accommodating in working around the needs of the Preschool.
- ***It was moved to proceed with all three phases of the proposed project and to secure a loan for the total estimated project cost of \$911,500 from LCEF. A second to the motion was received.***
 - With no further discussion offered, the voice vote on the motion **passed unanimously**.
 - If we cannot physically meet, the next concern is how to communicate the project proposal to the Voter's Assembly in order to get a decision?
 - Q: Can we just do a mail-in ballot?
 - A: There would be too many questions and things to address about the project.
 - Q: Could Bob do a video presentation and put it on the website?
 - A: As the video would be available to the world, there would be too many financial issues exposed.
 - Comment: As leaders, we should lead by sending a letter to the congregation explaining the plan and emphasizing that the West Wing Remodel Committee and the Council is very supportive of the entire project.
 - There was much more discussion on how to proceed, but the final decision was to do as follows:
1. Bob Hea and the committee will make sure the presentation is posted on the ALC website by the start of the coming weekend. Pastor will make an announcement at the end of the worship service set for May 24, 2020.
 2. A letter will be sent to each ALC member household explaining that the plan is on the website. Any question should be sent via email or a phone call to a Committee member.
 3. Another file will be posted on the website with a list of the questions and answers received from the congregation.
 4. Next, a ballot will be sent by June 8, 2020 to ALC members asking it to be returned to the church office by June 22, 2020 at 5:00 p.m.

Adjournment

The meeting adjourned at 7:49 PM.

In closing, everyone said the Lord's Prayer.

---Respectfully Submitted by Tim McClaren, Secretary