

# Informational meeting regarding use of proceeds from sale of 6 South State St (6SSS) and replacement of lift

March 30, 2025 11:15 AM

Moderator David Fries opened meeting

Peggy Scott gave overview of issues to be covered (slides 3-11)

- Types of funds and rules regarding withdrawals and use
- Proceeds from 6SSS, \$600K from sale and \$200K from existing reserve funds tied to this building
- We will be voting at annual meeting May 18 on managing these proceeds
- Community building brought in \$30K yearly which we applied to our operating budget

Sue Marcotte Jenkins presented slides 12-18

- \$200K in 6SSS reserve funds can now be released
- Finance Committee and church council recommended these reserve funds go into other underfunded reserve accounts (slide 13)
- Two potential scenarios for the proceeds from the building sale \$600K were outlined. These assumed invested funds accruing 6%/yr and inflation rate of 3%.
  - If we invest all of the \$600k and only draw 4% for operating expenses yearly we will get back up to the \$30K yearly we are losing from rent in 10 years.
  - If we withdraw \$150K now we will not get up to the \$30K lost from rent (third scenario of drawing \$150K now and again in 5 years also included).
  - Second scenario- withdrawing the \$30K yearly to equal lost rental income. If we invest all of the \$600K we will roughly be even in 20 years. If we spend \$150K now and then withdraw \$30k yearly the fund will be depleted in 15 years.

Peter Imse presented on replacing the lift (slides 19-26)

- Reviewed reasons for replacing lift and cost of options (slide 23)
- Reviewed possible options for paying for lift (capital campaign, using either reserve funds or building proceeds from 6SSS, borrow funds, loan or hybrid of any of the above).

At the annual meeting on May 18 the church council will be presenting recommendations on:

- Use of the proceeds from selling 6 South State St (roughly \$600K)
- Use of the reserve funds tied to 6SSS (roughly \$200K)
- Replacement of the lift, option for type of lift and how to pay for it.

Council wants these recommendations to reflect the will of the congregation and to that end, we ask that everyone consider information presented and let members of finance and church council know your opinion. Members of committees should discuss and have their council representative bring their opinions to council.

Questions and comments

- Mary Lynne Rahlson-How much money is in the regular UCC sustaining fund?
  - Roughly \$600K separate from 6SSS and not covered in this discussion
- Janet Zeller shared that, in her opinion, the basic lift was adequate to purpose and urged us to vote for that. It would meet ADA requirements. She also urged hybrid approach for paying and encouraged us to apply for grants.
- Will Delker-diversifying funds at the time of renting 6SSS was good option at the time but now would encourage us to invest it all to replace rental income. Also asked if we could borrow from ourselves for lift and repay at lower interest than we would pay the bank?
  - This will be considered
- Multiple members agreed with the need to replace the lift. Asked if any other reason besides cosmetic to get the upgrade lift, was there any mechanical benefit to

upgraded lift. Janet felt that the upgraded lift was only cosmetic and not worth added cost. Basic lift would have metal walls 1/2-2/3 up. Upgrade would have walls on two sides. Safety features (ability to phone out etc) are the same.

- Will asked if putting all of the reserve funds into invested account would be better? Also does investing in the reserve funds mean we spend less in operating funds?
  - Reserve funds, until used are in invested account so earning interest. Usually part of our budget goes into funding these reserve funds but in lean years this is usually the first thing cut and there is general agreement that reserve funds are extremely underfunded. For example reserve fund for 27 Pleasant St is soon going to be around \$3K so if any significant repair needed we will need to take it out of operating budget.
- Why is there an example under the 6SSS proceeds of spending \$150 now and \$150 in 5 years?
  - This was just to give another scenario of how could use money, no plan in particular related to this.
- Lynne Morgan pointed out that if we don't put money into reserve funds it will come out of the budget in other ways. Also if we focus only on investing the funds and don't invest in programs to make South Church a more lively, inviting church we won't be here in 20 years.
- Will shared that for 6SSS reserve they had a minimum threshold for fund. They could go below \$150K but couldn't spend more until they replenished the reserve. They did this with income from rentals of the building. We could consider similar minimum threshold for some of the other reserve funds.
  - This will be considered.
- Bob Murphy shared that when we bought the 6 SSS building it was to expand Christian Education and youth programs. Because of the fire etc, this plan was never enacted. He feels we underfund CE and should use this opportunity to increase funds for CE.