

To members and friends of the UUAA community,

As we navigate into what we hope is a “post pandemic” period – whatever that means – we are looking closely at the finances of UUAA through the lens of our 20/50 Vision.

And we believe that to live into our 20/50 Vision the following actions are required:

	<u>Investment</u>
<u>Climate Action Climate Justice – Priority Action</u>	
• Additional solar panels: When we constructed our facility over 20 years ago, we purposely designed the roof for solar power. It is now time to harvest fully that potential, and expand our solar generating capacity sevenfold from 20 kWh to 140 kWh, which should supply almost all our needs. This might be done through an LLC (see below)	\$ 240,000
• Insulation improvements: Implement actions identified in energy audit (e.g., insulation and closing cracks)	30,000
• Insulation improvements: Replacement of defective windows and install insulating window treatments	30,000
• Heat pump system: The HVAC (Heating, Ventilation, and Air Conditioning) equipment in the SGD wing was installed in 2004, and has an estimated useful life of 18-20 years. In other words, soon. Rather than replace the present 11 natural gas furnaces and 7 AC condensers piecemeal at the cost of \$240,000, we plan to install a more ecologically friendly integrated heat pump system, which can run on solar-generated electricity.	520,000
• Improved landscaping: Better plantings can help us achieve carbon neutrality (eliminate most mowing, for example). These funds will seed (pardon the pun) a multi-year effort.	20,000
<u>Strengthening Our Financial Stability – Foundational Action</u>	
• Retire mortgage by end of present agreement (May 2026). Paying off the mortgage would free up \$100,000 annually in our operating budget, which can be used for aligning our staff to post-pandemic requirements and/or funding other 20/50 Vision initiatives. And this is not an incremental cost. It reflects a prepayment of money we owe in any case, and it saves us the interest payments by doing so.	460,000
Total Investment Required	<hr/> \$ 1,300,000

To fund this investment (which is 33% higher than our present annual stewardship drive), we will launch a capital campaign – Uphold Our Values – in April. We intend to solicit commitments in April and May that can be paid over the next three years (before December 2025). These commitments will provide us a planning base to implement the above actions.

Although these data are fairly solid – the solar and heat pump data are engineering estimates and the mortgage retirement is based on our present agreement – there is more work to be done.

We are evaluating the creation of a LLC company to fund the solar panels, which allows the investors (members of the congregation) to capture the 26% (22% next year) federal tax credit (decreasing the cost of the system) and make a nominal profit. UUAA would pay for the solar electric, and take ownership of the panels in 10 years. There is ample precedent for this financial structure, most recently by Genesis (Temple Beth Emeth and St. Claire) in Ann Arbor. If this alternative were possible, it would reduce the campaign goal by \$240,000 to under \$1.1 million from the present \$1.3 million. Additional information on this potential will be available during the planned March information sessions.

In brief, if we did nothing, we would still need to pay off the mortgage (\$460,000) and replace the present HVAC system in the SGD wing (\$240,000), which totals \$700,000, more than half of the total investment required. The other half is to uphold our values.

Our plan is to refine these investment data as well as flesh out the solar LLC alternative in March, and hold informational meetings – especially on the LLC option – during this period. Zoom-only information/Q&A sessions are planned for:

Sunday, March 13	2:00pm	Discussion of entire campaign and planned investment
Tuesday, March 22	7:00pm	Discussion on LLC alternative for solar panel project
Sunday, March 27	2:00pm	Discussion on LLC alternative for solar panel project

We plan to record these sessions so they are available on demand at other times. You can also send questions to Ed Lynn at ed@uuuaa.org.

As noted above, we will be soliciting commitments for a 3 year capital campaign during April-May, and we will gauge investor interest in the potential LLC at the same time. We plan to report our results at the June Congregational Meeting.

The usual capital campaign template assumes a host of committees, with home canvassing and other activities. We do not plan to do this for two reasons:

1. A new Covid variant could easily negate all this work and effort, and
2. We realize people are already very busy, especially navigating the challenges and extra work the pandemic entails. In no way do we wish to be the source of additional work.

So please stay tuned as more information is available. These actions will allow us to live into the aspirations we expressed in the 20/50 process, and make us stronger to face future challenges.

In faith,

Beth Hospadaruk
Co-Chair

Ed Lynn
Co-Chair