

Burke Community Church
Council of Elders Meeting Minutes
November 18, 2017, 8:00 a.m.
Discussion Leader: Gordon Kesting

Attendees:

Bob Ashton (Elder), Marty Baker (Pastor/Elder), Richard Dick (Elder), Dave DuHadway (Elder), Curt Hammill (Elder), Gordon Kesting (Elder), Allen Miller (Elder), Joe Terry (Elder)

The meeting opened with prayer at 8:45 a.m.

I. Business

Discussion Lead	Topic
Council	Approval of minutes for COE Meeting November 6, 2017
Pastor Darren/Allen Miller	Final budget review
Pastor Marty/Pastor Darren	Staff update
Council	Congregational Meeting- review agenda, discuss feedback from information meetings
Pastor Darren/Curt Hammill	MPC update; project management plan/risk management plan; review of Construction Liaison proposed monthly report format; discuss potential trustee candidates

II. Meeting Notes

- a. **Minutes.** The Elders approved the minutes for November 6, 2017 regular and executive sessions.
- b. **Budget update.** Allen led the Council in reviewing the budget worksheet, noting that apparent reductions sprang from zero-based review of programs based on actual expenditures, that the staff cut no programs, and that the usual salary adjustments associated with the cost-of-living and increases in healthcare costs necessarily increased personnel costs. Pastor Marty committed to request that Pastor Darren attend the upcoming second Council meeting of each month January 2018-March 2018 in order to review the final preparations and initial stages of construction of the new building, and also attend the first February session in order to help Pastor Marty present staff recommendations coming out of the 2017 pastor-elder offsite.
- c. **Staff Update.** The Council commended the Children's Ministry, especially Director Tammy Hassett, for sterling performance in planning and executing the 2017 Fall Festival. Council noted how God had blessed the festival in terms of outreach. Council reviewed the bonus process for

staff. Pastor Marty noted that Pastor Darren had a very positive sabbatical experience. Lay elders decided to recognize Pastor Marty for the award of his Doctor of Theological Ministry degree in May 2018, sometime after May 5.

- d. **Congregational Meeting.** Council reviewed the agenda and slides for the upcoming meeting. Curt recommended that the Council adjust the building contingency from \$600K to \$800K for consistency and clarity. Council agreed to fund the increase from Blessings over Spending.
- e. **MPC report.** Gordon asked that Pastor Darren and Tansy review with the Council how the staff will allocate the budgeted contingency funds against identified risks. After the Council meeting, Curt Hammill supplied minutes for the November 16, 2017, proposal review meeting between Whitener-Jackson, INTEC, BCC staff, BCC MPC and trustees, and BCC elders to review the contractor proposal. These minutes are appended below. Based on the results of the November 16 meeting, the Council authorized the Trustees to sign the final contract by December 21, 2017, assuming satisfactory review by the MPC and the BCC lawyer. Further, the Council approved the term sheet for the bank loan and authorized the trustees to approve contracts and letters to secure the loan with United Bank, up to the congregationally approved limit of \$8.5M. The trustees were also authorized to sign any letter of intent, up to \$1M, needed to initiate the project while awaiting finalized contracts for construction. The Council additionally authorized the trustees to sign all bonds and documentation for Fairfax County needed to initiate construction of the approved project.
- f. **Staff update.** Pastor Marty briefed the Council on his meeting with Brigadier General Solhjem, at the latter's request, to discuss the new Army Chaplain training curriculum. He also briefed the Council on his upcoming presentation to Westminster Seminary on transgender issues.
- g. **Clerk of Council.** Council agreed that Richard would continue to serve as Clerk for 2018.

The meeting ended with prayer at 11:30 a.m. and was adjourned.

Respectfully submitted by
Richard Dick,
Clerk of the Council of Elders

Minutes- Review of Proposal Meeting November 16, 2017

This is a summary of comments made for the record, pertaining to the Proposal meeting on 16NOV17. The meeting opened with prayer at 4pm and closed with prayer at 6:12pm. The Builder, Whitener and Jackson (W&J) was represented by Ed and Kevin Jackson and Kevin Attreed. Howard Chapman, Heather Waye and Laura Albert represented INTEC. Elders Bob Ashton, Richard Dick, Dave DuHadway, Curt Hammill, Allen Miller, and Joe Terry represented the BCC Council of Elders. Pastor Darren Brown and Tansy Schindler represented the Church Staff. Jack Law, Dick Riordan, and Paul Schmidt represented the BCC Master Planning Committee (MPC). Anita Homburg and Mickey Garverick represented the BCC Trustees.

- The Builder proposed terms for a GMP (Guaranteed Maximum Price) contract at a near-final cost of \$12,682,921. Costs may change lower as subcontractors refine their bids. W&J will return 100% of any cost reduction in any revised subcontractor bid. (One clerical mistake was later found...\$5000 allowance for code-compliance signage was inadvertently left off the proposal.) This was a Terms letter, not the actual contract. An actual copy of the full AIA contract is expected before 1DEC.
- The church committed to sign the Builder's contract before 21DEC, subject to approval of the Council. (This approval was granted at the Council of 18NOV).
- The Congregation voted for a \$17.2M cap to spending. Therefore, the overall project expenses are capped at \$17.2M as our planned expense. The Trustees can point with surety to this cap to the planned spending, using contingency costs of \$800K (5% of unspent project costs).. W&J/Intec agreed that \$800K was adequate for the entire scope of the program. They said that once the building is 'out of the ground' the contingency risk will be significantly reduced. They offered that Mt Olive church incurred a contingency growth of non-discretionary items at 2%.
- A long list of terms was included. Here are some points of particular interest:
 - 5x "Add/Alternate" items were listed with an associated cost. Each will be carried until an appropriate decision-day. If any is approved, then the cost of the Add/Alt would be added to the overall contract. The increase would not be assessed toward the \$100K "grace" on change orders. (Once change orders exceed \$100K in total, then the overhead/fee would be added for any costs beyond \$100K.) [notation, the updated proposal Tansy received on 20NOV17 noted an additional 3 "add/alternate" items.]
 - The General Conditions cost will be assessed on the current project schedule (24 months.) If the project is able to complete sooner, then the Builder will refund 100% of the day-for-day prorated amount. W&J and INTEC committed to exploring some options to shrink the overall timeline.
 - The contract contained numerous allowances for various items that were un-measurable before the proposal was submitted. These allowances are realistic estimates. If the actual cost is greater than the allowance, then the overage will be handled as a change order, including being assessed to the \$100K grace limit. If the actual cost is less than the allowance the balance will be 100% refunded.
 - Several items were listed and/or priced as a known contingency, such as "pockets for operable walls may have to be widened...adding \$6900." Or liquid asphalt pricing at \$380/ton currently. These items will be carried as BCC risk.
 - The milling of Old Keene Mill Road to support the new turn lane is estimated to include only the church side of the road, out to the centerline. Asphalt liquid is a commodity, estimated at about \$13K of the resurfacing cost at \$380/ton.

- No dirt will be stored on the pavement. It will be all held onsite in the areas where there is no basement planned.
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- Assumption of “risk” was honest and explained sufficiently. Risk, as it relates to cost, is not generally assumed by the architect except in blatant examples. Howard Chapman said “we will consider any cost differences caused by our error, beyond the “1st Cost”. (The first cost is what the church would have paid anyway.) W&J (Ed) stated “if it’s our fault, we’ll fix it at our expense.”
- W&J and INTEC would identify the need for an “Intent to Proceed” letter, and the scope of the commitment. This would be needed for long-lead items, for early purchases to get ahead of inflation, and for permitting for sheeting and shoring (to launch the project while awaiting the approval of the full set of permits.) This will give a limited \$ authority to proceed on long lead/cost-sensitive items in advance of final contract signing as a hedge against schedule and cost pressures. Mechanical equipment for HVAC may be a concern, requiring early ordering and, possibly, extended storage.
- W&J (Kevin) said they do not have an accounting staff designated to document W&J onsite costs as they are being incurred. We should not have an expectation that the Costs for the General Conditions will be managed to the dollar. Rather they will be assessed on a pro-rata basis. Cost savings that would be returned (100%) to BCC would be based on number of days saved, vs days in the original contract.
- INTEC is providing under their previously signed contract dated 19FEB16, construction admin services; Heather and Laura will be assigned to provide that oversight. Oversight will include review of submittals and requests for information (RFI), attendance at two progress meetings per month, project observation for compliance with construction documents, and final punch list.
- MPC and Staff /Attorney have a firm tasking by Trustees to thoroughly review/vet proffered contract before Trustees will sign the contract.
- Some discussion happened on the following things, which deserve to be included in the contract:
 - All system documentation to include operation manuals, maintenance manuals,
 - Commissioning and training of new systems to BCC personnel
 - Documentation of W&J extended 2-year warranty on building and installed equipment
 - Warranty documentation of installed systems
 - Requirement for W&J to provide master schedule plus monthly (or sooner) updates for purposes of overall program management, BCC function coordination, phasing plans (new and renovation), etc.
 - Frequent (periodicity TBD) meetings with BCC PM by W&J Site Supervisor and others to discuss schedule, technical issues, proposed cost changes, coordination of Owner subcontractor requirements/responsibilities. W&J agreed that no change order will be acted upon until guidance is received in writing signed by an official of the church.