

ESUC Board of Trustees

Minutes

June 27, 2017

Minutes, Leadership Reports, Consent Agenda:	Com. + Board Liaison Reports Consent Agenda:
June Board Agenda + Upcoming Events	Right Relations Proposal – Louise Wilkinson
Minutes of Last Board Meeting – May 21 and Open Action Items	Personnel Com. – Grace Colton Interim Dir of Music Job Description
Board President's Report – Jack Slowriver, & Proposed Next Steps – HHTF v2.0	Summary of Earth & Social Justice Activities – Marilyn Mayers
Finance - Treasurer Report – Ryam Hill	
Interim Minister Report-Rev Elaine Peresluha	
Director, Finance & Operations–Jason Puracal Appendix A – Summary Income Statement Appendix B+C Jessie Zhao, Summary Income Statement + Balance Sheet Analysis Appendix D- Notes from meeting w/CPA Appendix E- Gallery Tax Considerations	Discussion Agenda: See appendices provided by Jack, Ryam, and Jason. Also, from the Interim Minister Report: -Robert Rotermund to become life member, -Policies on Right Relationship, leadership development requirements
Director of Lifelong Learning - Aisha Hauser	

Agenda

East Shore Unitarian Church - Board of Trustees

June 27, 2017

Board Host: Jerry

6:45	Social Gathering	
7:00	Opening Words, Chalice Lighting	Jerry
7:05	Check In/ Guest introductions	All
7:15	Approval of Consent Agenda	All
7:25	Housekeeping items: upcoming hosts, announcers, etc.	All
7:35	Personnel Committee Liaison	All
7:40	Right Relations proposal	Aisha and Lee
8:00	Next Steps for Holly House	All
8:30	DFO discussion re: taxes and insurance	Jason
8:40	Executive Session	All
9:25	Closing Words and Adjourn	Jerry

Upcoming Events for Your Calendar

- July Exec Council – July 5
- July 7, 7pm + July 8, 9am – annual board retreat hosted by Elaine at her home in North Bend
- July Board Packet items due Wednesday, July 12: email to Ryam Hill
- August Beacon Board Buzz due Wednesday, July 12: xxx
- July Board Meeting July 18; xxx is host.
- Sunday Services Announcements 7/2 xxx, 7/9 Dave, 7/16 Jerry, 7/23 xxx, 7/30 Jack

Opening Words – Jack Slowriver, our Board President, called the meeting to order, at 7pm, welcoming the board members, SLT, and our visitors. Jerry provided the opening reflection and also hosted the meeting providing delicious snacks.

Check-in – The Board of Trustees includes David Baumgart (secretary), absent-Paul Buehrens, Jerry Bushnell, Uzma Butte, Tom Doe, Lee Dorigan, Ryam Hill (treasurer), Marcy Langrock, Jack Slowriver (president), and absent-Doug Strombom (VP). The Board also includes our interim minister, Rev. Elaine Peresluha, Jason Puracal – Director of Finance & Operations, and Aisha Hauser – Director of Life Long Learning.

- Visitors – Arthur Knapp, Mary Anderson, and Louise Wilkinson.

Review of Board Agenda + Consent Agenda - (*see content of Board Packet – all Board members are expected to review the entire Board Packet prior to the Board Meeting*) – Jack asked if anyone requested to move items from the Consent Agenda to the Discussion Agenda – 3 items were moved to discussion (see list of topics, below).

Lee moved and Marcy seconded to approve the consent agenda. Motion passed. This included tonight's board agenda, the revised May 16 Board minutes, and the board liaison reports. All board members are reminded that Items for the Discussion Agenda are required by the cutoff date for the board packet. It is better to have such items for the Executive Council (first Tuesday, each month).

Consent agenda topics (see Appendix 1)

- [Treasurer Report] Minor change to Policy 2.11 (Financial Condition and Activity), para 8 to more accurately describe what kinds of income generating activity requires board approval,
- Kathryn Gulick and Robert Rotermund to become a life member (ref: Elaine's report)
- Standard Committee Chairs will be invited to our July 7/8 annual board retreat
- Personnel Committee Final version, Interim Music Director - Job Description
- [DFO Report] list of various Teams whose revenue is passing thru the operating fund.
- [DFO Report] Policy regarding the Healthcare Insurance benefit for new hires.
- [DFO Report] Policy regarding employee payments via direct deposit.
- [DFO / DRE Report] Initial exploration of feasibility of childcare programs.

Effective Board Meetings → on schedule, on task) (Jack)

Jack appointed Lee as our Process Checker and xxx as our Time Keeper for the meeting.

- Process Checker – insures that the board meetings stay on task in terms of the regular format of our board meetings as guided by the agenda with the current list of agenda items.
- Time Keeper – insures that presentations + discussions are conducted within the agenda time schedule.

Housekeeping items: upcoming hosts, announcers, etc. (Dave)

Dave passed around sign-up sheets.

Annual Meeting Minutes – Dave requested board review so we can publish next week after exec com.

Personnel Committee Liaison (Jack)

Jerry Bushnell was appointed as our Personnel Committee Liaison to replace Connie Hirnle who has exited the Board to become the new chair of the nominating committee.

Right Relations proposal (Aisha, Lee, Mary Anderson, and Louise Wilkinson - Chair)

[Please refer to the Right Relations proposal included in the Board Packet, page 29, for more information.]

Right Relations Team (RRT) has been exploring various approaches to bringing Right Relations ideals, a covenant, skills and practice into East Shore in order to build a loving, trusting and healthy congregation. As a preface to the Right Relations training, Elaine would preach a Sermon on Right Relations – Sunday, Sep 24.

Mary and Louise stated that during the recent Ministerial Search campaign that ministerial candidates were surprised we had not already adopted these processes. They also noted that many members at East Shore displayed a lot of interest in this.

It was suggested that a “Save the Date” announcement from Nicole should go out, noting that the initial training is Oct 14. Following the training, Elaine would preach a 2nd Sermon on January 21 beseeching all members to sign a covenant. This covenant would commit our members:

“...to the use of openness, compassion, deep listening, respect, trust and caring conflict resolution skills in their interpersonal relationships within the church, and increasingly outside the church as well.”

Additional training sessions would be made available to make up training for members who miss the Oct 14 training. The total cost would be approximately \$15000. \$3000 is already in the budget plus an additional \$12000 could come from the HHTF, auction Fund a Need, or Endowment Grant. It is possible that additional funding may be needed. Jerry moved and Uzma seconded. Motion passed, unanimous.

Next Steps for Holly House (Jack)

HHTF v1 is complete. Bob, Lee, and the HHTF members should be commended. We are now ready to convene the next iteration of the HHTF to carry thru on the plan to develop the HH property either thru a sale or lease contract.

Bob Weiss forwarded his thoughts about who could be in the HHTF v2. Craig Nelson and Abbie are recommended. Jason is also willing to serve as a member. Marcy will serve as the Board Liaison for HHTF. Dave will attend some of the meetings and will be actively involved in the RFP taskforce.

Jack, Dave, and Marcy will create the task force member application which will enumerate the skills. The board will oversee the process to recruit the task force members. Once the task force is formed, they will organize and write a draft charter (based on Jack’s outline in the board packet).

From the President’s Report:

- Convene Holly House Task Force 2.0 – 5-8 seats. Membership is determined by the Board. People are asked to complete an application. Jason will serve on this TF as it is squarely in his role as DFO.
- HHTF will create and distribute RFPs.
- HHTF will seek congregational (i.e. stakeholder) input to weigh the merits of each proposal.
- HHTF will evaluate options and make a recommendation for congregational vote
- Simultaneously, the Financial Stewardship Committee will continue their work and have proposals outlined on how any money gained from the development of HH will be used.

The expected timeline of this process is 12 months or less. Time is of the essence!

DFO discussion re: taxes and insurance (Jason)

[This update was presented as an FYI – no decision required.]

During Jason’s first months as DFO, he initiated a thorough review of the accounting processes and the 2014 chart of accounts. He found that the COA was overly complex with many “dead” accounts. By the end of his first year, East Shore had Implemented ACS – an integrated software system replacing 4 different systems.

Jason found that in the past, there was no apparent tracking of restricted funds, per se.

The UUA states that it is a Best Practice to perform an external audit – when hiring a settled minister. At this point in time, the DFO in collaboration with the Financial Stewardship team is preparing to an external audit working within the guidance of the CPA firm. Peterson, Sullivan, LLP was engaged by University Unitarian to assist them with their external audit. The external audit will occur some day and will likely cost \$10,000 or more. This will be scheduled in relation to the calling of the settled minister.

In general, the preparations for the external audit required more consistent accounting practices. Specific steps taken included:

- Developing a new Chart of Accounts in 2017.
- Purging many of the inactive accounts that had not been in use in recent years.
- Implementing greater levels of discipline and due diligence specifically for “restricted funds.”
- Consciously **limiting the use of restricted funds. It is noted that the Board is supposed to approve all restricted funds. [Side note – we recommend a revised policy relevant to restricted funds.]
- Moving all team funds thru the operating fund. (Approved significant changes – this FY.)

**Note: e.g. Khasi Hills wanted to raise restricted funds, but the Finance Team did not see the reason why it needed to be restricted.

Tax Implications

Jason cautioned that tax regulations pertaining to 501,c(3) not for profit organizations were complex and sometimes vague. He continues to perform discovery regarding the tax implications of renting the parking lot – transparent to Dept of Revenue. We had inadvertently raised a red flag with DOR – they were curious to know what was going on.

It is Jason’s understanding that the DOR allows 50 days of non-exempt activity. This includes an allowance of 15 days of business activity to raise funds. The DOR provides specific examples of what was acceptable and what was not acceptable.

Regarding the rental of parking lot spaces, we were transparent about renting specific parking lot stalls – to limit the square footage subject to property tax (including ingress and egress). Jason made the necessary changes to all the contracts and painted yellow stripes.

East Shore Live, Gallery, and rental income all raised more red flags to the DFO. We have explained to East Shore Live and the Gallery what their limited activities are to avoid jeopardizing our 501c(3) status. We have allocated 6 of the available 15 sales days to the Gallery. The Gallery Leadership is understanding and appreciative.

We have also allocated 6 of the available 15 sales days to East Shore Live – 6 performance nights. This leaves 3 days for “for profit” rental activities.

Diane Upton is trained on how she manages rentals so as to not violate DOR guidelines.

The Polish School and the NW School of Music are regarded as community services. We are inquiring anonymously to get a non-binding ruling about whether DOR agrees.

Executive Session – OFD Wrap-up

Closing Words and Adjourn

Our board meeting ended at 8:50 pm. Our next board meeting is July 18, 2017. Please review these draft minutes and send corrections or additions to Dave as appropriate.

Respectfully submitted by David Baumgart
Secretary, ESUC Board of Trustees

OPEN ACTION ITEMS: (REVISED JULY 5)

What	Who	When / Notes
Document our process for creating, reviewing, and publishing the Board minutes and monthly packet.	Dave	Due by our annual board retreat to help orient new members of the board and refresh our collective memory.
Invite Chairs of Standing Committees to annual Board Retreat	Elaine, Jason	July 7, 8
Refresh and publish all Policies to the Board and Congregation.	Ryam, Dave, Policy Committee	Due by August Board Meeting
Recruit Members to HHTF 2.0 and launch their first meeting.	Jack, Lee, Dave	Membership Appl. Form due by July 18. Due by August Board Meeting
Board Support for new tax policies	Jack, et al	Due by August Board Meeting
Revised team charters – first drafts are due Sep 30	Board, Elaine, Jason, Aisha	The Board and each SLT leader will be responsible for their respective teams (Appendix 2).

CLOSED ACTION ITEMS:	Who	When / Notes
Analysis of tax related implications on fund raising, regarding status of “business-like” activities for ESUC	Jason	Report to the board the impact on operations for East Shore Live, Auction, Gallery, parking lot rentals, and similar activities.
Finalize preparations for the annual congregational meeting, June 4.	Jack, Ryam, Dave, Jason	Reference the agenda items for the annual meeting.
Implement the use of a Process Checker and Time Keeper at board meetings.	Jack, Dave	Beginning June 27 – this is designed to keep our board meetings more effective and “on task.”
Publish the March 5 congregational meeting minutes	Dave	Ann Fletcher was the recording secretary

Appendix 1

The Board adopted or supported the following decisions, below, as part of the Consent Agenda Approval:

Consent Agenda from Treasurer Report

- DECISION: The team requests the following be added to Policy 2.11.8 (addition in italics) to more accurately describe what kinds of income generating activity requires Board approval.

*8. Allow the soliciting of donations **or other fundraising** by teams and committees, unless these have been pre-approved by the Board;*

Consent Agenda from Minister Report

Possible Life Members to be voted on by board: Kathryn Gulick, Robert Rotermund

Discussion Agenda from Minister Report

Please confirm status of Policies on Right Relationship, and leadership development requirements

Consent Agenda from DFO report

The Finance Team is recommending to the Board and Personnel Committee that East Shore adopt two new policies related to personnel:

- Healthcare insurance benefit for new hires should start on the 1st of the month following date of hire. With this new policy, new hires will not experience a gap in coverage from their previous employer/plan. The UUA can usually start someone fairly quickly, and it is not uncommon for insurance plans to date back retroactively as this is a common issue. The Finance Teams recognizes the direct costs associated with this risk. To be clear, the risk varies from 1-30 days of healthcare coverage, based upon date of hire, as coverage would start on the first day of the next month following date of hire. We also recognize the unaccounted-for costs of reduced ability of East Shore to hire quality employees if we force a gap in health care coverage, as well as sunk costs of training and admin hiring time. With a more robust hiring process (as the Personnel Committee is implementing), we can hopefully limit this risk exposure.
- East Shore should adopt the policy of requiring employees to be paid with Direct Deposit. Employers can require employees to be paid with Direct Deposit. See this link: <http://lni.wa.gov/WorkplaceRights/Wages/PayReq/Wages/default.asp>

Joint DFO and DRE

Coho Kids + Immersion Mandarin – 2 different daycare programs – continuing to explore the feasibility. These daycare programs will significantly increase ESUC's liability and so these programs will also fund an appropriate increase in our liability insurance.

Personnel Com (Grace Colton)

- Board approval of Interim Director of Music job description.
- The Personnel Committee will be down to 3 members after our July meeting: Grace Colton, Marc Wanless, and Ralph Lutz. Erin Horner has resigned. A notice that we have three vacancies has been put in the church e-blast for three weeks and the church community is being approached individually

ESJCC Board Liaison

Thx to Marilyn Mayers for 2 years of service. Who will replace Marilyn to provide timely written summaries of Earth & Social Justice team activities?

APPENDIX 2 – CHARTER TRACKING TABLE

First draft of revised charters due Sep 30

Board Standing Committees	Minister Core Teams - Elaine	DFO Core Teams- Jason	DLL Core Teams-
Financial Stewardship	Membership Dev Mgr Communications Seabeck Women’s Perspective	Membership Dev Mgr Outreach – Gallery Outreach – Website OFD Auction East Shore Live	Children & Youth Chalice Players
Endowment	Connections Teams	Facilities Mgr Facilities Grounds Memorial Garden P-Patch Flower	Adult Programs
Nominating	Ace Media Crew - Production	Ace Media Crew - Hardware	RE Teachers
Personnel	Archives / Library		
Policy & Governance	Covenant Circles		
HHTF v2.0	Earth Based Celebrations		
Ministerial Search TF	Extended Families		
Right Relations TF	Lay Pastoral		
	Worship		
ESJCC - Elaine	ESJCC - Elaine	Caring Community - Elaine	Affinity Groups - Elaine
ANSWER Nepal	Partner Church Khasi Hills	Grief Support Group	Coffee Klatch
Beloved Racial Justice	Partner Church Transylvania	Adult Children of Aging Parents	Women’s Friendship Group
Climate Action	Community Relationships	Men’s Support Group	4 th Saturday Bridge Group
CFH	Second Sunday	Parents of Trans Youth	Men’s Breakfast Group
Crossroads Meals	Women Helping Women	PD Support Group	
Food Bank		Widows Flying Solo	
Good Start Back to School		Affordable Housing Support Group	
Holiday Giving Tree		Parents of Teens	
		Helping Hands	

END OF MINUTES