

# ESUC Board of Trustees

Minutes

May 15, 2018

<b>Minutes, Leadership Reports, Consent Agenda:</b>	<b>Com. + Board Liaison Reports Consent Agenda:</b>
May Board Agenda + Upcoming Events	P&G Charter Tracking Table – Ann Fletcher
Minutes of Last Board Meeting – April 17	Personnel Com BL Report – Jerry Bushnell
Board President's Report – Jack Slowriver Proposed policy Regarding Disruptive Behavior	HH Dev Task Force Update – David Baumgart
Finance – Treasurer’s Report – Ryam Hill	Right Relations Committee Report–Mark Norelius
Interim Minister Report-Rev Elaine Peresluha & Membership + Communications Report ES Social Justice Ministry Teams March Report	Nominating Com Final Slate of Candidates- Connie Hirnle
Director, Finance & Operations – Jason Puracal Appendices A&B – Income Statement, BS FY17/18 Appendix C - Financial Analysis / Charts	Final Covenant for Annual Meeting from Right Relations Committee – Louise Wilkinson and Mary Anderson
Appendix E – Jason Puracal Resume Appendix F – Proposed Budget FY 18 / 19	
Director, Lifelong Learning – Aisha Hauser	

## East Shore Unitarian Church

### Board of Trustees Meeting Agenda – May 15, 2018

Board Host: Uzma

6:45 Social Gathering

7:00 Opening Words, Chalice Lighting Uzma

7:05 Check In/ Guest introductions All

7:15 Approval of Consent Agenda All

7:30 Items from Consent Agenda, pulled for Discussion All

8:40 ESUC covenant of Right Relations Mary

8:50 Disruptive Person policy All

9pm IDI assessments Elaine

9:15pm Adjourn to Executive Session Jack, Elaine

#### Upcoming Events for Your Calendar

- June Exec Council – June 5
- June Board Packet items due Thurs, June 14 by noon: email to Dick Jacke (Volunteer 1)
- July Beacon Board Buzz due Wed, June 13 by Marcy: email to Nicole Duff
- June Board Meeting June 19; Marcy is host.
- Sunday Svc Announcements 5/20 Marcy, 5/27 Tom, 6/3 Jack, 6/10 Tom, 6/17 Mark, 6/24  
xxx

## **Opening Words** – Uzma’s reflection

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

**Visitors:** Dennis Fleck, Sara Brannman, Mary Anderson, Carrie Bowman, Linda Freeburg, Ann Fletcher, Mike Radow, and Lynn Roesch.

## **Housekeeping items: upcoming hosts, announcers, etc.**

**We need a Board member to deliver Sunday Service Announcements June 24.**

**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. Several items were moved forward for discussion (see below)

## **Approval of Consent Agenda** – All

Paul moved and Mark seconded that we approve the Consent Agenda. Motion passed.

## **Consent agenda major topics (see Appendix 1)**

### **Treasurer’s Report**

- Proposed Budget – Budget town hall, to be discussed (Exec Session?)
- Endowment charter – work in progress

### **Minister’s Report**

- Final Report, Online evaluation is due by June 15
- Report on Right Relations and the work of Pam Orbach. (Also in Mark’s BL Report)
- Decision to go to 2 services.
- Not pay final dues, but donate to BLUU instead
- Current OFD update and Year Round Pledge update

### **DFO’s Report**

- updated Reserve Data Analysis report... support the findings of the Financial Stewardship Committee: there is no ‘silver bullet’
- Forecast that OFD will break even in current fiscal year.
- Proposed Budget to be discussed – Board Packet and Appendix 3
- CAM request for sponsorship of 350 Eastside (request Board Approval).
- Bids for Admin Building HVAC exceed Fund a Need proceeds by about 40% or \$4285. Additional sources of funding have been identified to meet the total funding required.
- Request for Title and Job Description Change (Exec Session)

### **Board Liaison Reports**

- Personnel (Jerry Bushnell) Sick Leave Policy – was modified to be approved by the board in compliance with the WA state code.
- HHDTF (David Baumgart): The Task Force recommends board approval to add Linda Freeburg as a voting member. Linda would be bringing the total voting members to qty = 6.

\* \* \* \* \*

**Vote on HH property - proceed or delay?** Marcy Langrock

*[Please refer to David Baumgart's Report, (Appendix 2) for a complete list of reasons to delay the vote as well as the negative ramifications of delaying the vote.]*

Marcy stated that the HHDTF (Holly House Development Task Force) recommends delaying the decision. We are dealing with a very aggressive timeline and still need to get a lot more information out to the membership. We are also continually questioned about various scenarios for the use of the money that would be possible – depending on the amount of the proceeds from the sale.

Jack pointed out that the 2017 Board End drove the date for the decision regarding the HH Property by our 2018 annual meeting.

David referred to his BL report. My question is – what is the liability for a capital gains tax?

Paul – this is the hottest housing market in the U.S. so delaying our sale may actually increase the proceeds we realize. I support the recommendation.

Ryam – once the property is sold, we can pay off our mortgage and our current budget would be realistic. Therefore, I would prefer that we not delay the vote. Question for Marcy – how much time will we need to wait before a vote?

Tom – We should not delay too long; perhaps until this fall. The sale of this property will be beneficial to both the short term and the long term financial plans for East Shore. I have also presented a vision of how we could use some of the proceeds to grow the membership by reversing our declines.

Mary Anderson – A year ago, we voted to develop the property. It seems to me that we should move forward as quickly as possible – sooner rather than later.

Linda Freeburg – As a professional liaison to the task force – and with 15 years of work in the Affordable Housing industry – I am saddened and pained by the degree of discord that seems to be rendering us apart. I would prefer that we vote soon, so as to minimize the fractious relationships. We need to provide effective information so that the membership is well informed in order to make this decision.

Lynn Roesch – I feel it is appropriate to postpone the decision. We should reframe the discussion – it is not all about money. Lynn referred to Christina and Jonipher's statements that we need to make a cultural paradigm shift – engage in transforming our church. It is less about the focus on money; and more about who are we? What are we really about? What are our UUA principles about? Justice, Equity, and Compassion. Consider that our region has the 3<sup>rd</sup> largest homeless population. If we are really committed to diversity and growing our membership, it would be a good idea to serve the diverse communities that are impacted by homelessness. The lack of land in Seattle and Bellevue is critical to this issue. *[Note: Lynn forwarded a complete statement which I included in my BL report on the HHDTF. Dave]*

Dennis Fleck – I want to thank the HHDTF for all their amazing work. I am in favor of the delay but not for too long. We do need to move forward. I believe there are a lot of misunderstandings out there in the congregation. I have felt that it is either a vote for or against affordable housing. In fact, the choices are to sell to an Affordable Housing developer vs selling to a Market Rate developer – and then use the proceeds to benefit Affordable Housing or however the congregation may want to use them.

Ann – having the chance to understand the 5 year Financial Strategic Plan is important to everyone to better understand this decision. I also feel the need for more time. People can learn how the decision could fit with the financial plans.

Carrie – I’ve thought a lot about this. I am continually struck by how difficult it is for small groups to work together. I believe the church will find a way to solve the big problems. We should look at what is best for the community to help folks in need of housing.

Jack – I am concerned that this decision is activating a polarization of our community. This is very contentious. I believe we will be stronger, together, if we can break out of this polarization. We are actually sitting on almost 5 acres and we could leverage that land for bigger things to come. I believe it would be unethical to push for a vote on June 3 because it would further aggravate our community.

Jason: Capital Gains Tax – will not be incurred if we sell to a market rate developer because there is a history of not for profit usage. If we sell to an Affordable Housing developer – we need to attach a covenant that requires the buyer to maintain an AH mission. (ie, If we sell to Green Canopy – we would be liable for capital gains if their project did not follow thru on affordable housing.)

Marcy: We can use this as a better opportunity for healing our divisions. We should be able to disagree but in the long run, commit to the decision of the membership. Having some options (or scenarios) about how we might spend the money would be useful. We need to educate our membership about all these complex issues. I would like to have more than one legitimate market rate developer. The timeline would be 6 months or less.

#### **HHDTF Motion Approved**

David Baumgart moved that we delay the vote of whether to sell to a Market Rate developer or an Affordable Housing developer to a future congregational meeting within 6 months or less; Uzma seconded. Motion was passed – 9 votes in favor with one dissenting vote suggested via email.

Ryam, we have been waiting a long time and I hope we can move forward.

Paul – let’s stay focused on right relations, treat each other right and get this done by this fall. Paul crafted an appropriate statement to be emailed to the membership that was forwarded to Nicole.

Mark – we have right relations in mind for going forward.

Marcy: the new HHDTF should make the recommendation to the board. The current task force will have completed their mission by June 3.

Jack recommended that the May 20 Town Hall should not have a debate structure as in the past town hall.

#### **Representative from Right Relations – Mary Anderson and Mark Norelius**

Mary passed out a hard copy draft covenant to the board. Mark reported that the Right Relations Task Force requested this covenant be on the June 3 agenda and would include the ceremony whereby all attending members would sign the covenant.

Mark also stated that the Right Relations Task force was petitioning the board to become a standing committee for the foreseeable future. The Board approved this request.

Marcy moved that we add this covenant to the June 3 annual meeting. Jerry seconded. A large poster will be available for all the members can sign the covenant poster. Motion Passed unanimously.

Paul moved that the **RRTF status be changed to a Board Standing Com.** Mark seconded. Jack made a friendly amendment that a new charter will be required. – Motion passed, unanimously.

#### **FY 2018 / 19 Budget**

Ryam and Jason described the overall process of gathering inputs and building a draft budget. They look at all the programs and review expected expenses and revenues. Most of the programs are fully funded by program revenues except the ESJCC which requests a small budget each year.

This budget is based on \$735K expected in annual pledge income. The pledges are now a year-round process and Ryam stated that we will need to monitor the pledge income very carefully. We will also need to monitor last year's pledge income to insure that our members don't forget their pledges for FY 17/18.

The budget was publicized and reviewed at two town halls, the Exec Committee, the Financial Stewardship & Endowment committees, and all of these groups recommended passage of the budget.

Jerry asked, if we need to change the budget because we find that the OFD is running short, what will be the process? I am concerned that Jason may not be able to cover any significant shortages.

Ryam: we will monitor the pledge incomes carefully while Jason will continue to monitor income and spending. Since this is the first year of the all year fund drive – there is an added layer of complexity.

Mark asked about what options we may be able to exercise in the event of a gap.

Ryam stated that one of our choices could be the use of reserve funds.

Jack – we may want to be pro-active and define what constitutes a crisis, ahead of time, that would warrant the use of Endowment funds.

Tom stated: "I will be voting against approval of this budget. I believe the goal of \$735K for pledge income is unrealistic. The latest forecast from Elaine is only \$635K. The latest forecast from Nicole is about \$615K – both of which are much closer to my projection when we were beginning the OFD pledge drive. I also stated my concerns about this unrealistic budget at the last two budget meetings."

[discussion]

Tom suggested we may have to defer the staff salary increases until mid-year when we could assure ourselves that the pledge income would be adequate. He asked Jason if there could be any other revenue streams.

Jason did not speak about any other revenue streams.

Ryam stated: "We could use reserve funds. We could plan to utilize the endowment funds. I believe the staff salaries are appropriate – it is our staff that holds this place together – especially in the absence of a minister. We may be able to utilize proceeds from the sale of the HH property. There are many unknowns – such as when the Developmental Minister may start their service at East Shore."

Jerry – what happens 6 or 7 months from now if we are projecting a deficit?

Jason – referred to Ryam's list of options. He also pointed out that we usually have a "runway" of 2 to 3 months that we could utilize before we reach a deficit position. At that time, I would come back to the board and provide options for consideration. We may eventually face a contraction of programs which may lead to a decrease in membership.

Ryam: The proposed budget, based on \$735K in pledges is an aspirational goal.

Uzma: we are going forward in optimism.

Endowment charter is a work in progress and will be passed forward to next year's treasurer (Marcy Langrock) and the Finance Stewardship Committee. Ryam shared some of the history and pointed out that it is available for financial crises. We are waiting on legal input to complete the details within the charter. Our lawyer reinforced that we need to follow the charter with regard to any vote for disbursements.

Jack stated the Endowment charter is more restrictive than the bylaws – suggesting that the bylaws will need to be revised, eventually.

Mark moved we pass the budget as presented. Jerry seconded. 8 votes in favor, 1 against. Motion passed.

#### **Not paying final dues, but donate to BLUU (Black Lives of UU) – Rev Elaine**

There is a call for congregations over a period of 5 years to donate to this program. There is a matching grant proposal for any donation of up to \$10 per member. For ESUC – that would be \$4520. We could make the pledge now to qualify for the matching grant. Partial payment in May, final payment later in the year. The UUA is making a concerted effort to “center from the margins.”

Jack – we are in the second year of a half payment of our dues – aligned with our commitment to UUA.

Elaine – if we make the pledge now, you will have a year to actually make the payment.

Paul moved, Mark seconded – motion passed 8 in favor, 1 opposed.

#### **CAM Sponsorship 350 Eastside - Jason**

The Sponsorship was requested by our Climate Action Ministry team, David Chapin chairperson. They have petitioned the board to allow the 350 Eastside group to utilize our facilities, rent free, for their monthly meetings. Jason drafted a sponsorship agreement which was passed out to the board during the May 15 meeting. Jerry moved we accept sponsorship – Ryam seconded – Motion passed, unanimously.

#### **Disruptive Person policy - Jack**

Jerry is concerned there is already appropriate policies in place, aligned with our bylaws.

Ann – the bylaws refer to restorative justice. PB&G does not believe there is a conflict. There is a need for a policy or process to fulfill and strengthen this bylaw. The policy would also cover a process whereby such a person could be barred from the campus.

Jack, this is also in the Board’s best interest before the departure of our interim minister. It supports our fiduciary responsibilities.

Paul – you should edit the new policy to state that this is our Restorative Justice process.

Jack – the Board needs a procedure manual. Ann agreed and stated that the PB&G is actually working on this procedure manual. The standard charter template should go in there, as well.

Jerry moved that we accept this policy as amended and Paul seconded. – Motion passed, unanimously.

#### **IDI assessments - Elaine**

We owe Elaine \$18 each. Elaine stated she will send a note explaining the high-level summary of where all the board members are. She has also done IDI assessments for Sara and Dennis

This concluded our regular business and public agenda.

Uzma, our hostess for this board meeting served a delicious dish of Chicken Biryani and a cake in celebration of the wonderful service to our East Shore community by our outgoing board members and officers, President Jack Slowriver and Treasurer Ryam Hill.

Our guests then exited the meeting.

#### **At 9:15, we transitioned to Executive Session – chaired by Jack**

Our board meeting ended about 10:20pm. Our next board meeting is June 19, 2018.

Respectfully submitted by David Baumgart, Secretary, ESUC Board of Trustees

**OPEN ACTION ITEMS: DAVID BAUMGART HAS REPLACED THIS SECTION WITH A PLANNING DOCUMENT THAT IS AVAILABLE UPON REQUEST. THIS PLANNING DOCUMENT IS INCLUDED AS THE FINAL DOCUMENT IN THE BOARD PACKET AND ENCOMPASSES 9 DIFFERENT TIMELINES OF PROJECTS THAT ARE SPONSORED BY THE BOARD.**

## Appendix 1

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

### **Treasurer's Report**

- Proposed Budget – Budget town hall, to be discussed (Exec Session?)
- Endowment charter – work in progress
- No news – Dev Minister

### **Minister's Report**

- Final Report, Online evaluation is due by June 15
- Report on Right Relations and the work of Pam Orbach. (Also in Mark's BL Report)
- Decision to go to 2 services.
- Not pay final dues, but donate to BLUU instead
- Current OFD update and Year Round Pledge update

### **DFO's Report**

- updated Reserve Data Analysis report... support the findings of the Financial Stewardship Committee: there is no 'silver bullet'
- Forecast that OFD will break even in current fiscal year.
- Proposed Budget to be discussed – Board Packet and Appendix 3
- CAM request for sponsorship of 350 Eastside (request Board Approval).
- Bids for Admin Building HVAC exceed Fund a Need proceeds by about 40% or \$4285. Additional sources of funding have been identified to meet the total funding required.
- Request for Title and Job Description Change (Exec Session)

### **Board Liaison Reports**

- Personnel (Jerry Bushnell) Sick Leave Policy - was modified to be approved by the board in compliance with the WA state code.
- HHDTF (David Baumgart): The Task Force recommends board approval to add Linda Freeburg as a voting member. Linda would be bringing the total voting members to qty = 6.
- Right Relations (Mark Norelius) – update on Pam Orbach's efforts.

## **Appendix 2 - Holly House Property Development Decision – Proceed or Delay?**

The HHD Task Force monthly meeting started Friday evening, May 11 and finished Monday evening. After a robust conversation about the options for developing the property and then a discussion about the

contentious emotions that we are hearing from the congregation; the task force is recommending to the board that it would be in the best interest of the membership to delay this vote.

**Reasons to Delay the vote:**

- We have recently developed new information about the complexities of Affordable Housing that we want to educate the membership about including:
  - Transitional Housing Model vs Ownership Housing Model
  - The importance of the Land Scarcity issue
- The significant unknown of our liability for a Capital Gains Tax if we sell to a “Market Rate” developer.
- The lack of information about the likely distribution of the proceeds of the sale of the property.
- The amount of mis-information that appears to be in circulation.
- The need to document and widely distribute Frequently Asked Questions (FAQS).
- Bottom Line: The congregation does not appear to be ready to make an informed decision.

**Reasons to Proceed:**

- We will lose some credibility with all bidders.
- Affordable housing developers potentially have access to grant funds that are time limited and potentially not available after this calendar year.
  - In fact, it is likely that one or more of our Affordable Housing developers would miss the current year’s funding cycle.
- We would need to form a new task force with a new charter.

**Appendix 3 – Revised Budget as of May 16, 2018**

A detailed budget will be available to the congregation prior to the June 3 annual meeting. It is also available at any time, upon request. The proposed detailed budget is found in the May Board packet.

<b>East Shore Unitarian Church</b>				
<b>Proposed Budget</b>				
<b>July 2018- June 2019</b>				
	<b>Budgeted</b>	<b>YTD (4/30/18)</b>		
<b>Revenues</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2018-19</b>	<b>Rationale</b>
<i>Total Income - Pledges</i>	735,000	554,928	735,000	OFD Goal
<i>Total Income - Other Donations</i>	18,000	70,647	18,000	Estate Trusts, collection from previous FY
<i>Total Income - LifeLong Learning Fee Pmts</i>	6,005	17,815	8,700	Based on planned programming
<i>Total Income - Fundraising Event Pmt</i>	67,750	42,944	43,750	Auction, 5 shows from East Shore LIVE
<i>Total Income - Facilities Rental Pmt</i>	159,360	164,231	204,945	Increased parking lot, and outside renters
<i>Total Income - Dept Activities Pmts</i>	80,961	75,883	75,159	Based on Team budget activities
<i>Total Income - Other</i>	47,394	55,638	81,790	Endowment, Housing Designated Fund
<b>Total Revenues</b>	<b>1,114,470</b>	<b>982,086</b>	<b>1,167,344</b>	
<b>Expenses</b>	<b>2017-18</b>		<b>2018-19</b>	
<i>Total Wages</i>	537,553	437,731	558,233	Midpoints of Mid Size III Church
<i>Total Payroll Taxes</i>	40,579	32,997	41,810	
<i>Total Payroll Benefits</i>	106,240	91,946	123,967	Healthcare & Professional Exps. By Dept.
<i>Total Program Expenses</i>	99,317	45,107	114,113	Based on Team budget activities
<i>Total Facilities Expense</i>	110,626	60,480	93,715	Based on Reserve Data Analysis
<i>Total Business Expense</i>	56,519	52,644	78,272	Fees, Taxes, Insurance, Dues (100% of UUA & Regional)
<i>Total Office Expense</i>	28,570	21,393	26,620	Software, copier, reduced postage
<i>Total Fundraising Expense</i>	18,500	9,701	14,250	Auction, East Shore LIVE
<i>Total Advertising &amp; Marketing</i>	2,920	908	2,720	Website, Outreach
<i>Total Interest &amp; Loan Expense</i>	113,645	94,721	113,645	Reflects refinanced mortgage
<b>Total Expenses</b>	<b>1,114,470</b>	<b>847,629</b>	<b>1,167,344</b>	
			0	
<b>Surplus/Shortfall</b>	<b>0</b>	<b>134,457</b>	<b>0</b>	Balanced Budget

**END OF MINUTES**