

ESUC Board of Trustees

Minutes

October 16, 2018

Minutes, Leadership Reports, Consent Agenda:	Com. + Board Liaison Reports Consent Agenda:
October Board Agenda + Upcoming Events	Personnel Com – Jerry Bushnell
Minutes of Last Board Meeting – September 18 Appendix D	Policy & Governance – Ann Fletcher (Chair)
Minister’s report – Rev. Stephen Furrer	Holly House Dev Task Force – David Baumgart
Board President’s Report – Tom Doe	Right Relations – Mark Norelius
Finance – Treasurer’s Report – Marcy Langrock	Worship Team – Chris Struble (Chair)
Exec Dir, Finance & Operations – Jason Puracal Appendices A&B – Income Statement, BS FY17/18 Appendix C - Financial Analysis / Charts	ES Social Justice Ministry Teams – Jenny Hall Clark Nuber Audit Agreement, Appendix E 5 Year Strategic Plan Explanation, Appendix F
Lifelong Learning – Aisha Hauser	

East Shore Unitarian Church

Board of Trustees Meeting Agenda – October 16, 2018

Host: Mark Norelius, Timekeeper: Lee Dorigan, Process Checker: None

Agenda:

- 6:45 Social Gathering Mark
- 7:00 7:05 (5 minutes) Opening Words, Chalice Lighting Rev. Furrer
- 7:05 7:25 (20) Check in, Introductions
- 7:25 7:50 (25) Consent Agenda, move items to discussion if needed
- 7:50 8:35 (45) Finances: Endowment Claudia, Marcy, Jason, Craig
5-Year Financial Plan,
1- Year financial plan
- 8:35 - 8:50 (15) Retreat All
- 8:50 – 9:00 Executive Session – Confidential Items

Upcoming Events for Your Calendar

- Nov. Exec Council – Nov. 6
- Nov. Board Packet items due Wed, Nov 14 by end of day: email to volunteer1@esuc.org
- November Beacon Board Buzz due Wed, by Nov 21: email to Nicole Duff
- November Board Meeting Nov 20; Tom is host.
- Sunday Svc Announcements 11/11 11am Mark, 11/18 9am Dennis and 11am is Lee
11/25 11am is Paul, 12/2 11am is Sara, 12/9 11am is Mark.
- Help Wanted: 9am announcements for 11/11, 11/25, 12/2 and 12/9.
Thanks to Nicole, we are implementing the use of Signup Genius for Sunday Service Announcements.
More information to come.

Opening Words – Rev. Steve read a passage written by Albert Einstein quote about the mystical and science.

Check-in –

Mark, reflecting on flat water and foggy morning. Went out rowing in a single, which he is learning. One of the best days ever with flat water and beautiful colors. He reflected on what this community is doing for or to him.

Rev. Steve: Things are settling down. Still getting familiar with the area. Days are shorter.

Craig Nelson: Just came from a rotary meeting which included a brewery tour

Lee: Good meeting this morning with Dennis and Jerry. Dentist and haircut today

Marcy: Busy, very challenged to speak on Sunday and to condense her talk to 3-5 minutes. She appreciates the support from Aisha and Jason. Reading books by authors of color. Her mother in law with dementia is re-learning Spanish and reading poetry.

Aisha: Too many emails. Her family visited an island in Maine with no internet and no TV. She feels she is doing hard and important work.

Jason: Thrilled to have Aisha back and Steve here to share leadership and have people to check in with. Very busy weekend with his uncle from Malaysia, driving to Eugene ended up spending 26 hours in the car.

Ann Fletcher: trying to be out in the weather. Picked dahlias today. Moved three big rocks into her garden. Made ginger carrot soup. Got visited by Rhonda who was out for a walk with her grandson.

Dennis; very happy with the weather. Doing neighborhood walks.

Tom: Checked in electronically. Doing carbon sequestration research with DOE.

Dave: had 26th Wedding anniversary, went to Leavenworth, for Oktoberfest. Noted the beautiful fall colors on Eastside of mountains

Jerry: Spending lots of time with new grandson. Still working a locums physician to end of October.

Attendance:

In person: Dennis Fleck (vice president), David Baumgart (secretary), Jerry Bushnell, Mark Norelius, Lee Dorigan, Marcy Langrock (treasurer), Stephen Furrer (Developmental Minister), Aisha Hauser (Dir of Lifelong Learning), Jason Puracal (Exec Dir)

Attending via telephone: Tom Doe (president), Sara Brannman

Absent: Paul Buehrens, Uzma Butte (resigned from board this month)

Guests: Craig Nelsen (endowment), Claudia Hirschey (financial stewardship)

Non-agenda Item: Dennis announced that Uzma has again resigned from board, and her resignation will be accepted.

Proposed Consent Agenda:

- Approve September 18,2018 Board Minutes
- Approve funding for Clark Nuber Audit/Review
- Approval of 4 potential charters
 - Policy and Governance
 - Nominating
 - Financial Stewardship
 - Endowment

The following significant items were moved to discussion:

- Cash flow projections from Jason’s report, Dennis request
- Endowment charter, Marcy request

Revised Consent Agenda:

- Approve September 18,2018 Board Minutes
- Approve funding for Clark Nuber Audit/Review
- Approval of 3 potential charters
 - Policy and Governance
 - Nominating
 - Financial Stewardship

Lee moved and Marcy seconded the motion to approve the consent agenda. Motion passed unanimously.

7:27 Endowment charter discussion

Craig Nelsen was asked to give background on this topic. Craig has been on the endowment sub-committee for 2 years, and chair since Jan. 2018. The committee currently has 3 members, Craig, Bill Culverwell, and Steve Lange. The overall vision for the endowment is to build up a base of capital to produce income for the church. Currently the endowment balance is about \$1.3 million. Of this, about \$700,000 has been donated, and the rest is return on investment.

In recent years, the endowment has given 3.5% of the total to the church operating fund. In past years, the committee has accepted proposals and given out grants on an ad hoc basis.

In the past two years, with the adoption of the 5 year financial strategic plan, there has been a plan to view part of the endowment as a facility reserve budget.

In the proposed charter, the distribution plan is to make 3.5% of the 3 year average balance of the endowment fund available for transfer to the operating fund, or other appropriate church fund, by decision of the board of trustees.

In addition, the charter states that part of the endowment fund will be viewed as a capital reserve fund. The intention of the Annual Endowment Distribution is to utilize funds (designated as capital reserves), to match the current projected annual capital facilities expenses and improvements as assessed by the Facilities Team by January each year, and approved by the Financial Stewardship Committee and BOT.

The requirement for a congregational vote to transfer money from the endowment has been reduced to match the Bylaws requirements pertaining to purchase, sale or transfer of real property as recommended by the Policy & Governance Committee. The board can now draw out \$ 100,000, above the annual distribution, within one fiscal year, as long as the endowment still has a minimum of \$900,000. Anything above \$100,000 still needs congregational approval with 25% quorum and simple majority vote.

Discussion:

Dennis: In the investment management section, the sentence about "...growing principal and" needs revising. Also, the charter refers to a "Capital Reserve Fund" and Dennis asks if this is a fund in our chart of accounts. Jason explained that there is not an actual account by that name, but that part of the endowment fund will be viewed as a capital reserve fund. Dennis and Ann recommend changing the wording to drop the phrase "Capital Reserve Fund." These proposed working changes did not require a vote, and will be made prior to voting on the charter next month.

Jerry's concern: This is a fairly big change, and more communication to the congregation about the charter would be in order.

Jerry moved, and Lee seconded the following motion.

"We will not vote on the Endowment sub-committee charter tonight, but publicize the change for the congregation and place the charter on the consent agenda next month." The motion passed unanimously.

Discussion of Jason's report: Dennis wanted to clarify the statement that cash flow was below normal, and Jason explained it.

Discussion of Nominating Committee charter: Ann pointed out that some minor wording changes were needed in section C4 and C12.

Lee moved, Mark second that we approve Aisha, Jason, report and the wording changes in the Nominating Committee charter. The motion passed unanimously.

8:30 Financial 5 Year Strategic Plan:

Claudia Hirsche explained the process involved in the 5 year strategic plan. This is first ever for ESUC. It was adopted April 12th, 2018.

The team gathered ideas from town halls and congregants. They developed strategic action items, organized into three categories:

- Developing Reserve funds
- Operations budget
- Assets

Developing the reserve fund:

- We currently have \$80K operating reserves, trying to build this fund
- Want to fund endowment as a capital reserve, although we have not called the endowment a capital reserve fund.

Operations goals:

- Bring all activities into the budget process
- Maintain salaries.

Assets:

- Manage assets and their use by the congregation should be aligned with our mission + values
- Develop master plan
- Protect water rights from Holly House property

Claudia then introduced the 5 year forecasting tool and discussed its use. This forecasting tool is a spreadsheet with numbers about income, projected income growth, expenses, and expense growth. Claudia showed how we can vary the numbers with different assumptions about pledge amounts, and membership growth.

She pointed out that membership growth is important for our financial stability.

She discussed the current assumptions about the numbers used and the projected rates of inflation for expense and income. She pointed out that we would like to fully fund our UUA membership. She mentioned that we assumed 18% health care cost inflation last year, but it was much less. Future healthcare assumptions will be reduced to 10% per year.

She went over several scenarios about Holly House revenues, and pointed out that using some of the proceeds to pay off our mortgage is likely. Another idea is using proceeds on programs specifically designed to increase church membership. Many other ideas are coming out of the "Dream Big" meetings hosted by the Holly House Task Force.

Claudia pointed out that with our current actual pledge growth and actual expense growth, we will need extra income from things such as parking lot rental to maintain the current expenses.

Other observations:

- Overall, having our assets work for us will make it easier to balance the budget.
- We also have a spreadsheet for endowment which goes out 7 years. Est. growth is 7% per year
- Need for capital expense has been mapped out. We are projecting a large capital expense in 5 years
- We need the endowment to build, so average rate of return will generate enough for maintenance needs

Multiple board members thanked Claudia for all the work that her team has put in.

Finances: one year plan.

Jason gave us a report.

Current cash is about \$100,000, which is lower than usual. We now have new rental income that was not projected for the current operating budget. We also have \$9,000 not spent on unrelated business income taxes (UBIT). He summarized the current status for the current operating budget as follows:

- The current projections forecast a deficit for the fiscal year through June 30, 2019.
- In terms of cash flow, we can go another quarter with current pledges and expenses.
- Currently we have \$18,000 in extra expenses which were not in budget, for new minister expenses. Jason recommends that we use the general reserve fund for this.
- Although we could get through second quarter without this, cash flow would be tight.

Jason discussed plans for dealing with the current deficit for the 2018/2019 year. The re-canvas will help. This has already brought in an additional \$20,000. Today we received a \$20,000 gift from a will.

With the above, and using general reserve, we should be able to get through 3rd quarter of the fiscal year (3/31).

Discussion of Jason's report:

Tom thinks that we need to do more effort on canvassing. We have too many members not contributing. Dennis recommends that we hold off transferring from reserve budget. Marcy points out that we will need to spend this eventually, and moving it now will make cash flow management much easier. The reserve budget is money that is surplus from the previous fiscal year, and we ended up with a surplus from the 2017/2018 budget. Tom notes that last week's service kicking off the re-canvas took some people by surprise, not realizing that we have a financial problem.

Tom proposes that finances will be the first Saturday conversation in November.

Lee moved that we transfer \$18,000 from the general reserve fund to the operating fund, to cover the unbudgeted expenses authorized by the board to bring in the developmental minister. Mark seconded. The motion passed unanimously.

Please consider these minutes as a first draft and let David Baumgart know of any additions or corrections. Our next Board Meeting is planned for Nov 20, 2018.

Respectfully submitted,

Jerry Bushnell, acting recording secretary (Thank you, Jerry!)

David Baumgart, Secretary, East Shore Board of Trustees

Appendix 1

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

Revised Consent Agenda:

- Approve September 18, 2018 Board Minutes
- Approve funding for Clark Nuber Audit/Review
- Approval of 3 potential charters
 - Policy and Governance
 - Nominating
 - Financial Stewardship

END OF MINUTES