

Unitarian Universalist Church of Arlington

Board of Trustees Meeting Minutes

April 17, 2017

Attendees: Board of Trustees (Warren Wright, Chair; Paula Bendl Smith, Janice Morris, Al Himes, Emily Goodin, Art Stevens, Hieu Nguyen); Hannah Connolly (Secretary), Tamara Srader (Acting Executive Director), Bill Turner, Nominating Committee (guest). Chad Ohlandt called in for a portion of the meeting.

Open, Call to Order, Chalice Lighting, and Check-in

Board Chair Warren Wright called the meeting to order at 7:30PM. Board Members checked in. Warren read "Jig-Saw" by Julia Drury from *With or Without Candlelight*.

Consent Agenda:

[Minutes of March 27th meeting](#)

Hieu Nguyen moved to accept the consent agenda. Emily Goodin seconded. PASSED.

Treasurer's Report (ATTACHMENT 1)

Acting Executive Director Tamara Srader briefly summarized the Treasurer's Report and noted that Peter Vitaliano will start financial projections in the next month for the Fiscal Year end.

Executive Update

Tamara Srader provided the Executive Update and focused on the budget meetings held over the last few weeks. She noted that the payments to the Share the Plate partners were made for the third quarter and that the \$30,000 payment to the mortgage raised through Giving Tuesday was also paid this quarter. Tamara is meeting with vendors about implementing the "greening" efforts pledged during the Annual Auction. The next few weeks will focus on updating the operational policies, finalizing the budget, and finalizing the contract for Rev. Beth Miller.

Board Retreat/Listening Session

Warren noted that Rev. Beth wants to do a healing session with the Board and has also offered a board retreat in the summer for the 2018-2019 Board. Al Himes, as the incoming Board Chair, will work on coordination. If there is a summer retreat, the Board may also want to do a later retreat in FY 2018-2018 in cooperation with the Senior Minister Search Committee.

Interim Minister Search Update (ATTACHMENT 2)

Al Himes reviewed the Interim Minister Search status with the Board, which included a timeline for the Interim Senior Minister search and a list of the other congregations currently seeking an

Interim Minister. The timeline is fast once UUCA receives the list of candidates for the position on May 1. The Board discussed the importance of trying to get a contract in place during this period. The Board discussed the requirements for a successful Interim Senior Minister relationship, including the potential budgetary impacts of the position. The Board reiterated that the Search Committee has the ability to move forward with a candidate without Board input as the Committee is authorized to make those decisions. The Board discussed reviewing the candidates with Rev. Beth Miller and Rev. David Pyle to ensure the best fit for UUCA.

Nominating Committee Update

Nominating Committee Chair Bill Turner briefed the Board on the Committee's progress. Bill stated that the Nominating Committee has the nominees for the Board vacancy, the three Nominating Committee vacancies, the Secretary position, and half of the General Assembly delegates. They have also selected the members for the Contract Assistant Minister Search Committee. They are working on the Senior Minister Search Committee and have sent out interview requests for candidates. The Board and Bill discussed the need to get the nominees for the Church Governance positions out in sufficient time ahead of the Annual Meeting, which might mean that the Governance nominees are announced ahead of the Search Committee. The Board recommended that the Nominating Committee speak with Mary Ann Bolton about how best to communicate the nominees to the Congregation.

Policy Task Force Update (ATTACHMENT 3)

On behalf of the Policy Committee, Paula Bendl Smith briefed the Board about the Policy Committee's meetings with Rev. David Pyle, a Large Congregation Subject Matter Expert from the UUCA Central Eastern Region, about potential changes to church policy. Rev. Pyle provide feedback on the bylaws and board policies, and the Policy Committee wrote about that feedback in Connections and the Order of Service last week. The Policy Committee has a "Plan for Planning" at this point and have been looking at the UU churches in Annapolis and All Souls in Washington, DC to see what changes they are enacting. The Policy Committee recommended that UUCA adapt the Annapolis template and create a working group to support the Board Policy Committee. This would potentially include Board Members that are on the Communication Committee and 1-3 congregants. This working group would want to brief the plan at the next Board Meeting and present the status of the group at the Annual Meeting.

While it was noted that the plan does not have to be voted on at the Annual Meeting, the Policy Committee reiterated how important it was to reestablish trust and communication and to make sure that Congregational feedback is included. The Working Group would take feedback, have the long-term members of the group identified, and hope to have the plan finished by the time the Interim Minister is in place. Paula raised that the current Carver model might not be right for a congregational model or may need to be adapted further for UUCA. Paula also recommended that the Board read *Governance and Ministry* by Dan Hotchkiss.

Communication Task Force Update

The Communications Committee reviewed the upcoming board communications. The Board discussed the need for a communications plan for the Interim Minister search, as well as communications for the Board Candidates and the upcoming Annual Meeting.

2018-19 Budget (ATTACHMENT 4)

Tamara Srader briefed the board on the six budget meetings held over the last few weeks. She also discussed that the last two meetings included the draft budget, which is also included as Attachment 4. There was a discussion about how much of the budget to publicly publish, as well as how to manage the budget given the \$200,000 gap between received pledges and the targeted budget amount. Tamara is planning on publishing an article in Connections that summarizes the meetings to date, the draft budget, and the projected shortfall.

The Board also discussed how the budget gap affects the search for an Interim Minister and a Contract Minister, who in current draft budgets would begin January 2019. The Board asked what amount had been taken from the endowment out of the \$130,000 authorized for FY 2017-2018 and Tamara noted that none had been taken to date, but that a withdrawal will likely be necessary this FY for cash flow.

In terms of potential cuts to balance the budget for FY 2018-2019, the Board discussed whether to hire both the Interim Minister and the Contract Minister or just the Interim Minister. The Board also discussed additional withdrawals from the endowment, but were hesitant to authorize those withdrawals given the current high markets and amount in the endowment. The Board discussed a targeted Fill the Pulpit campaign to pay for a second minister. The Board also discussed the impact of Share the Plate and its budget ramifications.

The Board raised cutting the increase in UUA dues to 10% and then increasing those dues 10% each year for five years to get to the 100% goal. It was also proposed that the remaining terms with Rev. Linda Olson Peebles be paid out of the endowment rather than split between the endowment and the operating budget. The Board highlighted the desire to keep staff in place and have the Interim Minister work with staff to determine what changes may need to be made over time. The Board also discussed the need for lay congregational leadership to help fill the gaps due to the budget shortfall and the need to develop lay leadership. If some proposed changes were made, then there may still need to be an endowment draw to close the gap.

Tamara closed the conversation by noting that the budget meetings were some of the most positive budget meetings over the previous years.

Regular Meeting adjourned at 10:09PM.

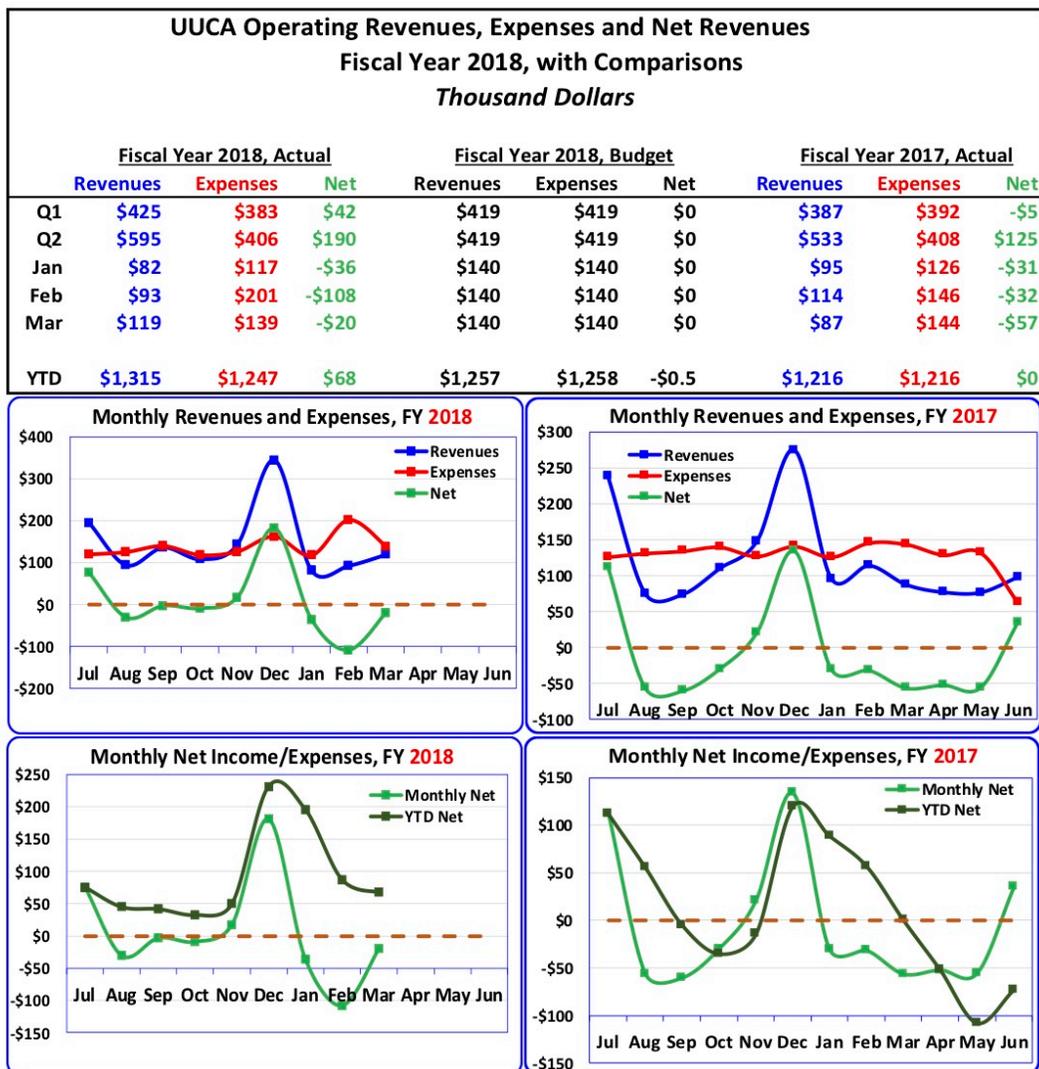
Executive Session began at 10:15PM

The Board agreed that all staff should receive a 2% raise for FY 2018-2019, and that raise should be factored in to the church budget for the upcoming fiscal year.

**Report of the Treasurer
 UUCA Board of Trustees
 April 17, 2018**

Fiscal Year 2018 to-Date Operating Results – Highlights for first 9 months, July-March

- YTD revenues were \$1,315 K: \$57 K above budget and \$99 K above last year. March revenues include \$36,670 UUCA share of Q1-Q3 Share The Plate collections.
- YTD expenditures were \$1,247 K: \$11 K below budget and \$31 K above last year.
- YTD net revenues over expenses were \$68 K: \$69 K above budget and \$68 K above last year.



Operating Reserves

The **operating reserves** of the Church consist of:

- Funds to cover the current assets of all designated accounts, except for Memorial Gifts and Bequests,
- A general operations reserve, and
- A replacement reserve, which is restricted.

These funds are all invested in six Fidelity mutual funds, which are managed by the Executive in consultation with the Investment Committee. At the end of March, balances of these funds were as follows:

UUCA Operating Reserves - March 31						
Thousand Dollars						
Designated Accounts	General Operations	Restricted Replacement Reserves	Total Operating Reserves	FY 2018 Expenditure Budget		Months of Reserves
				Annual	Bimonthly	
\$189	-\$33	\$59	\$215	\$1,677	\$280	1.5

The designated account reserve coverage commitment was reduced by \$49 K from a month ago. Contributing to this was a payment of \$30,314 collected for Giving Tuesday that was paid to BB&T as an additional penalty-free pay down of the mortgage principal, and also distributions of the Q1-Q3 Share The Plate net collections.

Executive Limitation 4.6.2 under Board policy requires the Executive to operate with at least two months (1/6 of the annual budget) of liquid operating reserves, unless otherwise approved by the Board. Executive Limitation 4.6.3.a) further specifies that, if the operating reserve at the end of the current fiscal year is projected to be less than 2 months of operating expenses, the following year’s budget must be balanced. At the end of March, the operating reserves totaled 1.5 months of the annual budget. The budget for the current fiscal year, approved by the Congregation on June 4, 2017, is balanced.

Endowment Fund

The assets of the **Endowment Fund** at the end of March totaled \$927 K in liquid assets invested in eleven different Vanguard mutual funds, which are managed by the Executive in consultation with the Investment Committee. The assets of the Endowment Fund at the end of March represented 55 percent of the Fiscal Year 2017-18 expense budget of \$1,677 thousand. Executive Limitation 4.8.4 under Board policy specifies that the Executive shall not “allow the endowment balance to be less than 100% of the annual operating budget. As an exception, the Executive may plan a balance of not less than 50% to refinance the mortgage in the year 2017.” Accordingly, the Fund was in compliance with Executive Limitation 4.8.4, under the exception clause, as of the end of March.

Long-term Liabilities

The balance of the refinanced, single **mortgage** was \$3.127 million at the end of March. This reflects both the normal amortization payment of principal plus an additional payment of \$30,314 collected for Giving Tuesday last November. At the end of March, the Church’s ratio of total liabilities to total assets was 0.40. This substantially overstates the Church’s effective debt ratio because the asset values on the Church balance sheets are stated on a cost basis, which is considerably lower than the current market value of the Church’s land and buildings.

Peter Vitaliano, Treasurer, UUCA

2018 Interim Senior Minister Search Timeline and Process

Tuesday, April 17 – Application Due

Saturday, April 28 – UUA Interim Ministers' Retreat

Tuesday, May 1 – Congregations receive names of interested ministers (up to 8)

- Interim Search Task Group Meeting to review candidates

Interim Search Task Group interviewing candidates and checking references

Tuesday, May 8 – Interim Search Task Group Meeting make final candidate ratings

Wednesday, May 9 – Final candidate ratings due to UUA

Thursday, May 10 - UUA provides congregations ranked matches

Friday, May 11 – (Noon) – Congregations can make offer to top matched candidate

Monday, May 14 – Congregations unsuccessfully matched in Round 1 received new list of interested ministers

August 2018 Congregations Seeking Full-Time Interim Ministers

Location	Notes
Greenville, SC	Developmental
Bradenton, FL	Developmental
Gainesville, FL	Developmental
Ottawa, ON	Developmental
The Woodlands, TX (Houston)	Developmental
Bellevue, WA	Developmental
Eugene, OR	Developmental
Auburn, AL	1 year
Huntsville, AL	2 year
Prescott, AZ	1 year
Fremont, CA (East Bay)	2 year
Pensacola, FL	2 year
Bloomington, IL	2 year
Elgin, IL (Chicago)	
Evanston, IL (Chicago)	1 year w/ renewal
Geneva, IL (Chicago)	1 year w/ renewal
West Lafayette, IN	2 year
Lawrence, KS	2 year
Louisville, KY	2 year
Framingham, MA (Boston)	2 year
Silver Spring, MD	1 year w/ renewal
Belfast, ME	1 year w/ renewal
Portland, ME	1 year w/ renewal
Yarmouth, ME	1 year w/ renewal
Wayzata, MN	
Omaha, NE	
Somerville, NJ (Northern NJ)	1 year w/ renewal
Denton, TX (Dallas-Fort Worth)	2 year
Houston, TX	1 year w/ renewal
Plano, TX (Dallas)	2 year
Arlington, VA	1 year w/ renewal
Norfolk, VA	2 year
Burlington, VT	2 year
Port Townsend, WA	2 year
Madison, WI	2 year (1 year contract)
Idaho Falls, ID	2 year

How Do We Best Govern Ourselves?

Policy Committee Recommendation: Review and adapt policy

governance; changes in place by the time we call our next minister.

- Adapt the Annapolis planning document to meet the Arlington congregational needs and examine UUCA Bylaws, Board Policies, and Governance Structure
- Create a Working Group to adapt the plan: two Policy Committee Board members, two Communication Committee Board members, one staff and 1-3 congregants recommended by the Nominating Committee to provide transparency to the process.
- Working Group meets with Rev. David Pyle 4/24-5/3 by phone to refine the draft process to adapt Policy Governance for UUCA going forward
- Present the adapted draft UUCA Arlington process to the Board for approval at our May 15 Board meeting
- Present the plan to the congregation at our Annual meeting on Sunday June 3rd.

ATTACHMENT 4
 UUCA Board Minutes April 17, 2018

Budget Meeting 5 FY18/19
 DRAFT

	2016/2017 Approved	2017/2018 Approved	2018/2019 Proposed
Total Staff Salaries	\$ 779,280	\$ 805,185	\$ 839,571
Total Benefits	\$ 291,157	\$ 239,519	\$ 282,306
Ministers Transitional Costs			\$ 17,000
Total Staff Cost	\$ 1,070,437	\$ 1,046,832	\$ 1,138,877
Ministry and Worship			
Expenses	\$ 17,500		
Music and Arts			
Expenses			\$ 11,850
Worship and Pastoral			
Expenses	\$ 11,500	\$ 20,500	\$ 15,170
Church Office			
Expenses	\$ 67,750	\$ 59,450	\$ 58,584
Mortgage			
Expenses	\$ 236,000	\$ 195,000	\$ 206,000
Youth and Ministry			
Expenses	\$ 22,350	\$ 22,750	\$ 22,950
Member Support			
Expenses	\$ 23,150	\$ 26,500	\$ 21,500
Building and Grounds			
Expenses	\$ 176,761	\$ 176,430	\$ 187,030
Communications			
Expenses	\$ 7,450	\$ 9,050	\$ 9,050
Our Wider Movement			
Expenses	\$ 36,000	\$ 36,000	\$ 68,889
Faith in Action and Outreach			
Expenses	\$ 16,400	\$ 84,500	\$ 1,500
General Fund Surplus Replenishment			
Expenses	\$ -		

Total Expenses	\$ 1,673,798	\$ 1,677,012	\$ 1,741,400
Total Revenue	\$ 1,673,798	\$ 1,676,297	\$ 1,527,383
Difference	\$ 0	\$ (715)	\$ (214,017)