

FIRST UNITARIAN CHURCH, ROCHESTER, N.Y.
BOARD OF TRUSTEES MEETING
April 11, 2017

- I. The meeting was called to order by Congregational President Barbara de Leeuw at 6:32 PM.
- II. Participants:
 - A. Board: Congregational President Barbara de Leeuw, Vice President Chris Graziano, Clerk Linda Friedman, Treasurer Anne Perry, Trustees Dave Burnet, Jo Cone, Nicole Delgrosso, Tim Farnum, John Solberg, Paul Suwijn
 1. Jill Poremba joined the meeting via electronic hookup.
 - B. Staff: Rev. Joel Miller
 - C. Ahlia Kitwana and Julie Sanchez from the Leadership Nominating Committee
- III. Centering – Rev. Miller
- IV. The minutes of the March 14, 2017 board meeting were approved as amended.
- V. The General Assembly (GA) of the Unitarian Universalist Association (UUA)
 - A. GA will be in New Orleans this year and a new UUA president will be elected.
 - B. The following people were approved as delegates.
Tom and Anne Perry
Caroline Rankin
Leonard Stein
Paul Minor
David and Linda Friedman
- VI. Report from the Nominating Committee
 - A. The slate that the Leadership Nominating Committee has submitted is as follows:
 1. For the 4 vacated openings on the board:
Mary Hammele
Greg North
Courtney Miller
Shadia McAnnally
Barb de Leeuw
 2. Leadership Nominating Committee candidates:
Janice Minor
John Dancy
Laura Humphrey
- VII. Senior Interim Ministers Report – Joel Miller
 - A. The financial status for this church year is on course.
 - B. Increasing the insurance for the building is being look into.
 - C. No new staff have been hired but Roberta Buckle will be a new lay worship associate.
 - D. Last Sunday's congregational meeting went well.
 - E. A project this summer will be to revamp the newsletter.
 - F. The web site is up and running and Carol Anne was praised for her involvement.
 - G. He is organizing a worship team and a personnel team.
 1. Tom Wetherell will be chair of personnel team.

- H. Joel gave the board an update on events at the UUA regarding the resignation of President Peter Morales and several other high ranking officials.
 - 1. The UUA is doing a teach-in this spring on the topics involved.
 - 2. Joel felt that putting together a meaningful program in such a short time is not possible and that our church will do that work in the future.

VIII. Financial Topics – Anne Perry

- A. Below is how Anne set the stage for the motions that followed.

The investments that are managed by the Investment Committee have two components:

- 1. The **Income Endowment** which takes in estate bequests and could also include gifts specific to the endowment. The annual draw for the operating budget comes from here. The balance as of the end of March 2017 is \$4.46 million.
- 2. The **Common Fund** which includes a variety of chartered funds and has a value at the end of March 2017 of just over \$1 million. This value will change dramatically when we start paying for the roof because of using the Property Maintenance & Improvement Fund and the Sybil Craig Building Maintenance Fund:
 - a. Administrative Funds:
 - i. Operations Special Fund
 - ii. Property Maintenance & Improvement Fund (most of current balance will go to roof)
 - iii. Building Maintenance Reserve Fund
 - iv. Office Equipment Reserve Fund
 - v. Sybil Craig Building Maintenance Fund (Board voted to use entire balance for roof)
 - b. Grant / Support Funds
 - i. Social Investment Fund
 - ii. Paul & Josephine Wenger Fund for Peace and International Understanding
 - iii. Stewart Building Usage Support Fund
 - iv. Gilbert Spirit Fund
 - v. Schell Crescendo Fund
 - vi. Sunday Concerts Bequest Fund (money spent; April BOT motion to terminate)
 - vii. Scholarship Fund

The work that the Board has done this year has terminated inactive chartered funds and added a “XX-” designation to their names in our church accounting system. The name change is to be transparent in all reporting and to clarify that the Board does not have to do this again. We have also updated many fund charters. One thing you don’t see from the above list is that the Board terminated the Landscaping Fund and Memorial Garden Fund charters and transferred the resources to a committee bookkeeping account with a collaboration agreement between the Landscaping and Legacy committees. There are a handful of charters that the Board will look at next year. The book of charters that is kept in the church office will be updated following the Board’s April meeting.

- B. The Income Endowment and the Common Fund. (see Appendix A)
 - 1. The below motion was made and seconded.
 - a. The revised version includes the description in the current bylaws.

MOTION:

To adopt the revised Income Endowment Fund Description in compliance with the Bylaws adopted by the Congregation on September 22, 2013.

- 2. The motion passed with one abstention.

- C. An update of the Property Maintenance and Improvement Fund was also considered. (see Appendix B)

MOTION:

To adopt the revised charter for the Property Maintenance & Improvement Fund in compliance with the Bylaws adopted by the Congregation on September 22, 2013.

- 1. The motion passed.

- C. The Building Maintenance Reserve Fund was updated to align with bylaws Section 4.4. (see Appendix C)

MOTION:

To revise the Building Maintenance Reserve Fund Charter to properly align it with the Bylaws Section 8.4 and to provide greater transparency in the operating budget reporting.

- 1. 1. The motion passed.

- D. The Sunday concert fund will have a zero balance by the end of this church year and will therefore be terminated.

IX. Annual Budget Drive (ABD) Update

- A. The drive did not get the number of stewards that were needed for personal contact with all church pledging units so tables will be set up in the Williams gallery to make contact with those units that were not assigned.

X. Policy Review – Barb

- A. The parish minister limitations section was discussed.

XI. The board went into executive session and then came out of executive session and passed the following motion.

Motion: To hire the Rev. Joel Miller for another year with an option for a third year.

His pay package, salary and professional expenses, will be what we were going to pay him last year before he voluntarily took a decrease.

- 1. The motion unanimously passed.

XII. The meeting was adjourned at 8:40 PM.

Respectfully submitted,

Linda Friedman

Appendix A

Revise Income Endowment Fund Description

Explanation:

The Income Endowment Fund Description was not updated when the congregation approved the Bylaws in September 2013.

The content of the revised fund description is virtually identical with the Bylaws Section 8.2.C. It also includes a portion of Section 8.1. The only difference is that a Purpose has been added and management is clarified.

2105

FIRST UNITARIAN CHURCH
ROCHESTER, NEW YORK

FUND DESCRIPTION

TITLE: **INCOME ENDOWMENT**

PURPOSE: To provide a permanent resource for emergencies and special projects and to support the Operating Budget.

CAVEAT: All restricted funds that are subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA) must be managed in compliance with it.
Note: NYPMIFA specifically includes the ground rules for using and managing endowment funds. In addition, the Bylaws state:

“Section 8.1. Church Funds. The board of trustees is obligated to prudently manage church funds consistent with all applicable laws, these bylaws, and policies promulgated by the board of trustees.

- A. Church funds must be deposited in chartered banking institutions or managed by an investment firm.
- B. Funds may be withdrawn from church accounts only by persons designated by the board of trustees.”

BYLAWS SECTION 8.2.C

- C. “The Income Endowment Fund.
 1. As determined by board of trustees policy, a portion of this fund may be used each year to support the annual operating budget.
 2. Additional expenditure from the Income Endowment fund may be authorized by a majority vote at a congregational meeting. Notice of the meeting must specify the purpose and the maximum amount of the proposed expenditure.
 3. Memorial gifts of any size and other gifts that become effective as a result of a death must be placed in the Income Endowment fund unless otherwise specified by the donor.”

MANAGEMENT: The Income Endowment is managed by the Investment Committee of the Board of Trustees according to the Investment Policy of the Board of Trustees.

AMENDMENTS: This fund description may be changed by amending the Bylaws. The Bylaws Section 8.2.C can be amended by the congregation per Bylaws Article Eleven which states: "These bylaws may be amended or repealed by two-thirds vote of those voting at a congregational meeting provided that the substance of the proposed amendment is presented at a preceding congregational meeting and included in the notices of both meetings and provided that the meetings are held at least sixty days apart."

Bylaws Approved by the Congregation 9/22/2013
Approved by the Board of Trustees 4/11/2017

Appendix B

Revise Property Maintenance & Improvement Fund

Explanation:

The Charter for the Property Maintenance & Improvement Fund was not updated when the congregation approved the Bylaws in September 2013.

The content of the revised charter is virtually identical with the Bylaws Section 8.2.E.

There is one paragraph that spells out the requirement for Board approval for unbudgeted expenditures from the fund that exceed \$2,000. This revision changes that to \$10,000.

The current Bylaws explicitly permit the Board to amend the charter, but that really only applies to the paragraph described above because everything else is right out of the Bylaws.

The "Amendments:" paragraph has been updated to show that the Board can approve changes to the charter and that the congregation must approve changes to the Bylaws.

This should have been done in October or November 2013.

2270

FIRST UNITARIAN CHURCH
ROCHESTER, NEW YORK

CHARTERED SPECIAL FUND DESCRIPTION

TITLE: **PROPERTY MAINTENANCE & IMPROVEMENT FUND**

PURPOSE: To provide funds to be used for the maintenance and improvement of the main church building and grounds (Bylaws Section 8.2.E.)

SOURCE OF FUNDS: Annual contributions from the operating budget as set by the bylaws.
Interest accrues to the principal as earned.

MANAGEMENT: Bylaws Section 8.2.E:

“Property Maintenance and Improvement Fund.

1. Maintenance and improvement of church property is funded in part by the Property Maintenance and Improvement Fund.
2. The Property Maintenance and Improvement Fund is funded by an allocation from the annual budget that is increased or decreased from the previous year's contribution in proportion to the increase or decrease in the replacement value of the church building (as set by the church's insurance carrier) averaged over the preceding five years.
3. The fund is used, pursuant to board of trustees authorization, to support major maintenance or improvement items associated with the main church building and grounds, including but not limited to the:
 - a. structure and integrity of the building,
 - b. heating, ventilation and air conditioning systems,
 - c. exterior grounds, or
 - d. interior furnishings.
4. The charter of the fund is established and amended by two-thirds vote of the board of trustees.”

All expenditures from the fund are limited to the purposes enumerated in the bylaws. All expenditures from the fund must be enumerated in the annual budget or planned maintenance expenditures. Unbudgeted expenditures of more than \$10,000 must be approved in advance by the Board of Trustees.

AMENDMENTS: As provided by the Bylaws Section 8.2.E, this charter can be amended by a two-thirds vote of the Board of Trustees. The Bylaws Section 8.2.E can be amended by the congregation per Bylaws Article Eleven which states: “These bylaws may be amended or repealed by two-thirds vote of those voting at a congregational meeting provided that the substance of the proposed amendment is presented at a preceding congregational meeting and included in the notices of both meetings and provided that the meetings are held at least sixty days apart.”

Bylaws Approved by the Congregation 9/22/2013
Charter Approved by the Board of Trustees 4/11/17

Appendix C

Revise the Building Maintenance Reserve Fund

Explanation

- The Building Maintenance Reserve Fund provides an opportunity for interested individuals to donate toward building maintenance projects. In the 2013/14 church year, donations of \$7,000 funded LED lighting. Over the past 7 years, donations for building tours have been deposited totaling just over \$1,000.

- The Building Maintenance Reserve Fund has a fundamental flaw – it transfers resources from the Operating Budget to a reserve fund.
 - This is counter to the Bylaws Section 8.4 which states:
 - “C. If a surplus occurs at the end of a fiscal year, such surplus may be allocated by the board of trustees.
 - “D. If a deficit occurs at the end of the fiscal year, the board of trustees must provide for its repayment.”
 - Transferring funds from the operating budget line defeats this bylaws section by moving the funds before the expenses are known. If there is a surplus in this budget line, we are not aware of it. If there is a deficit, we are also not aware of it.
- The Building Maintenance Reserve Fund has an unintended consequence – we lose the transparency provided by every other budget line. Instead there is a complicated paper trail. The resources in the Building Maintenance operating budget line are transferred to the Building Maintenance Reserve Fund and expenses are paid from that location. Thus, it ends up looking like we spend exactly the amount of the budget in that line every year, but trying to figure out how those resources were spent requires an extra step that most members (and staff) are not aware of.

2205

FIRST UNITARIAN CHURCH
ROCHESTER, NEW YORK

CHARTERED SPECIAL FUND DESCRIPTION

TITLE: BUILDING MAINTENANCE RESERVE FUND

PURPOSE: To provide for expenses for maintenance and for improvements for the church buildings, furnishings and grounds.

SOURCE OF FUNDS:

From specific gifts from members and friends and from donations made for tours of our unique Louis Kahn building.

MANAGEMENT:

All expenditures from the fund must be in accordance with the annual budget or planned maintenance expenditures. Unbudgeted expenditures of more than \$10,000 must be approved in advance by the Board of Trustees.

AMENDMENTS:

This charter may be amended by the Board of Trustees or the congregation.

Approved by the Board of Trustees
04/11/2017

2950

FIRST UNITARIAN CHURCH
ROCHESTER, NEW YORK

CHARTERED SPECIAL FUND DESCRIPTION

TITLE: BUILDING MAINTENANCE RESERVE FUND

PURPOSE: To provide for expenses for maintenance and for improvements for the church buildings, furnishings and grounds.

SOURCE OF FUNDS:

From the annual budget and from specific gifts from members and friends.

MANAGEMENT:

Expenditures may be authorized by the Board of Trustees or by church members designated in procedure 2250.

AMENDMENTS:

This charter may be amended by the Board of Trustees or the congregation.

Approved by the Board of Trustees
10/14/97