



**First Unitarian Church of Rochester**  
**Board of Trustees Meeting**  
**Monday, April 13, 2020**  
**6:30 pm by Zoom**

Attendance: Ken Buckle, Tim Farnum, Terri Goldstein, Mary Hammele, Robert Lyubomirsky, Courtney Miller, Paul Minor, Gregory North, Anne Perry, Scott Stamper, Paul Suwijn, Kyle Williams, Rev. Shari Halliday-Quan.

Guests: Annie McQuilken, Chair, Investment Committee; Margalie Belizaire, new second minister.

Absent:

1. Establish a Quorum and Call Meeting to Order at 6:30 pm — Tim Farnum
2. Chalice Lighting and Spiritual Practice — Rev. Shari Halliday-Quan  
Miracles Abound by Victoria Safford
3. Consent Agenda.
  - a. Approval of March Board Minutes  
**APPROVED** unanimously
4. Routine business
  - a. Cards of gratitude and concern
    - i. Ali, Erika & Elias      Terri
    - ii. Gretchen                      Paul S.
5. Investment Committee Report Highlights – Investment Committee Chair Annie McQuilken
  - a. As of April 9<sup>th</sup>, Endowment Funds were down 12.63% - this is not the end of the world. From January 1 – April 9, the S&P was down 13.65% and the Dow Jones was down 16.66%. Thus, we are doing better than those standards.
  - b. The initial pandemic-related market drop was about 20%. It was remarkable how quickly it dropped.
  - c. Don't know what the future holds as the stock market is trying to find its bottom. It is still adjusting bit by bit, given the current circumstances. The uncertain economic impact is already incorporated in these numbers.
  - d. Looking at the S&P 500 during previous pandemics (SARS, MERS, Ebola, Zika), we see a big drop during pandemics with positive reaction after a time.
  - e. We are coming out of a period of tremendous growth since the 2008 recession. Many people thought it was too high. There is also the uncertainty surrounding the fall election.

- f. A strategy during this pandemic market is rebalancing – allow us to end up selling high and buying low. As opposed to panic selling when people selling low. Alesco has done some rebalancing in particular asset classes.
  - g. Endowment has a very long outlook. We have cash needs and a withdrawal strategy. We don't have to worry so much because we have a long-term outlook
  - h. Endowment draw history. Over past 10 years, average is 6.4%, not including the roof. Calculations had previously been done taking the average of the value on the previous three December 31 dates. Our Investment Policy requires that the calculation be based on 12 quarter ends. Those two methods can produce very different results - twelve numbers smooths out more than three numbers. Prior year took higher amount because of ministerial change. Also during that time, some funds were not placed in the Endowment.
  - i. Investment Policy includes a target draw of 5%. New York Prudent Management of Institutional Funds Act (NYPMIFA) is incorporated in our policy. It says that a 7% draw calculated over 20 quarters would create a rebuttable presumption of imprudence.
  - j. Are we in compliance? Let's look at 20 quarters – 6.9%. We are skirting that 7% figure.
  - k. Endowment draw has been growing faster than our pledge collections. We noticed that last year, the draw represented 23% of the operating budget. The Board of Trustees may want to consider at what point it is not healthy to use the Endowment to fund our ongoing expenses.
  - l. Good news – we've had a lot of significant gifts. Bad news, we don't expect this to continue. The generations following Baby Boom, does not have that wealth.
  - m. The Investment Committee recommends that future budgets stick with the dollar amount drawn this year - \$250,251. Using this would result in bringing our average draw over 20 quarters back to 5% within 1-2 years.
  - n. At a future Board meeting, the Investment Committee will bring some policy updates to the Board, broadening the uses of the draw as stated in the policy and changing the calculation to reflect 20 quarter average. The Investment Policy was not updated in 2013 when the Bylaws were revised. The Bylaws say in Section 8.C.1.: "As determined by board of trustees policy, a portion of this fund may be used each year to support the annual operating budget."
  - o. Legacy Committee also has a role in how people direct their bequests. If the congregation is interested, a fund could be established that supports operational initiatives. The Legacy Committee has been quiet in recent years and is in process of reorganization, but that's on hold during pandemic.
  - p. If we were going to experience a significant shortfall because of the pandemic, a higher draw could be taken. The congregation votes on it at the Annual Meeting in June.
  - q. Gregory appreciates that the UUIC has created a fact base that can help the Board in decision making.
6. Minister's Report Highlights (See Appendix A for full report):
- The future – we will be fine, financially, spiritually, and in every way.
- a. **Staff/Volunteer Treatment** – all employees at least half time have been assured of full pay through the end of the church year. Others have been encouraged to ask for assignments that may become available or financial assistance. Sick leave is per the CARES act. The staff has put in

additional hours to transition church services and other activities to the online environment. It will be very important moving forward to assure that pay levels are appropriate and consider the possibility of a bonus for Thom Snell. Rev. Shari notified the Board that she plans to take a week off within the next month and will let us know the exact time once she and the staff determine the best time.

- b. **Associate minister update** – second minister search team has done an incredible job shifting to online interviewing process. New minister has decades of experience in nonprofits and has been intern at Westport Connecticut church and Church of the Larger Fellowship. Margalie Belizaire is an engaging leader who, prior to seminary, worked with marginalized groups, children in foster care, battered women and adults with developmental disabilities. Margalie will be introduced to the congregation Sunday. She will be doing Margalie Mondays noon-1 pm, for the next few weeks. When asked what triggered transition to minister, Margalie indicated that she became UU about 7 years ago while living in Cleveland. The Director of Religious Education in Cleveland church was in seminary. They talked about her journey and the DRE asked if she had thought about going to seminary. Having been raised a Jehovah's Witness, Margalie had no experience of a woman being a minister. Margalie will be ordained before she arrives in Rochester. Rev. Shari explained that this is a hired position not a congregational call.
- c. **Stewardship Campaign** – Campaign was paused for a couple of weeks but is now moving forward. Plan is to reach out to pledgers who have approved rollovers in the past. Concern that some UU churches may not have the financial resources to remain open for the next 5-10 years. This speaks to continuing an online presence even after the pandemic ends.
- d. **Financial Condition** – Concerns raised by pandemic: Loss of pledge income owing to job losses or furloughs, loss of rental income so long as the building must remain closed. Monitoring pledge payments. Have asked staff to freeze discretionary spending. The staff and Treasurer have prepared the documents to apply for a Payroll Protection Act SBA loan (see New Business below for motion).
- e. **Rescheduling Rev. Shari's Installation** – We were all disappointed that Rev. Shari's installation had to be postponed. The Board is supportive of doing an online installation sometime in the next few months. Big events are happening online. The Board needs to consider symbolic gestures that are ways the congregation is involved without meeting face-to-face.
- f. **Building and Grounds Update** – We are looking at improvements in sidewalks, entryway and parking lots. See motions below under New Business.

## 7. Board Reports

- a. Treasurer's report — Robert Lyubomirsky (See Appendix B for Notes page)  
There was no discussion since this had gone out to Board members in advance of the meeting and the important issues related to Endowment and Common Funds were covered by Annie McQuilken, Chair, Investment Committee.

8. New business

a. Buildings and Grounds improvements require Board approval for spending greater than \$5,000.

i. Sidewalk repairs and front entry area masonry.

**MOTION:** Approve up to \$60,000 for masonry and sidewalk repairs.

Moved: Gregory North

Seconded: Ken Buckle

Approved: unanimous

ii. Parking lot repairs, sealing and striping (both parking lots)

**MOTION:** Approve \$12,500 for parking lot sealing and striping and repairing the paving.

Moved: Paul Suwijn

Seconded: Mary Hammele

Approved: unanimous

b. Approval of taking a pandemic-related payroll protection loan from SBA

**MOTION:** To approve taking a pandemic-related payroll protection loan from SBA.

Moved: Robert

Seconded: Terri

Approved: unanimous

c. Approve an online congregational meeting in June. Bylaws provide as follows:

Section 4.1. Meeting Place. Each congregational meeting is held at the building where religious services are held or, if impracticable, elsewhere in Monroe County as the board of trustees may designate.

...

F. Implementation of electronic attendance and voting at congregational meetings is determined by the board of trustees.

**MOTION:** Approve an online congregational meeting to be held on June 7<sup>th</sup> at 11:30 am.

Moved: Scott Stamper

Seconded: Anne Perry

Approved: unanimous

The President, VP, Clerk and Moderator are charged with figuring out the details.

9. Given the complicated nature of the budget, the Board of Trustees will hold a separate meeting on Budget at a May date to be determined.

10. Adjourn at 9:35 pm

11. Closing and Extinguishing the Chalice — Rev. Shari Halliday-Quan

12. Who will bring dinner on Monday, May 11 – Paul Minor

# Appendix A: Senior Minister's Report to the Board

April 13, 2020

## Staff/Volunteer Treatment

- A huge thank you to the volunteers who have moved into big spaces this month, as we all adapt to changing conditions and really lean into what it means to “be the church.”
- Staff who are at least halftime have been informed that their positions and their pay are secure through the church year; hourly staff have not universally been retained but have been encouraged to reach out for work opportunities and, if needed, financial assistance.
- Staff have been informed of expanded sick leave provisions in the CARES Act.
- A contract has been signed by our second minister beginning in August. Contract is available for review by BOT members. You’ll all meet her tonight! Please keep this announcement confidential until; Sunday when we’ll introduce her to the congregation.
- We are all, undoubtedly, doing our best, but there are a few staff members who have gone way above and beyond, and if feasible later in this year, I would like to offer a cash bonus.

## Stewardship

- After a two-week intentional closure, stewardship drive has resumed. As of Sunday, the first 246 pledge units averaged a 9.08% increase. There are approximately 225 outstanding pledge units, many of which were rolled over last year.
- **\$544,969.24** of the **\$785,000.00** goal has been pledged, including the \$20,000 matching pledge for increases.
- Gregory North is leading efforts to call remaining families and individuals who pledge over \$500. Volunteers welcome!

## Financial Condition

- We’ve applied for a Paycheck Protection Program SBA Loan in the amount of \$117,325. Per our by-laws, the BOT may authorize debt up to 20% of our operating expenses, which this falls within. Assuming that we are approved by our bank for the loan, I request that the BOT authorize this loan, 90% of which we expect to be forgivable.
- Pledge collection rates will be monitored closely over the next month because they have fallen in last quarter. Some of this can be attributed to COVID-related employment and market income shifts, but that doesn’t account for all as summarized below.
- Until this is better understood, I am freezing discretionary spending.

Budget Year	Q1 % Pledges Received	Q2 %	Q3 %	Q4 %
2019-2020	32%	60%	79%	
2018-2019	35%	58%	81%	100%

2017-2018	35%	62%	84%	103%
2016-2017	22%	52%	84%	97%
<b>3 Year Avg</b>	<b>31%</b>	<b>57%</b>	<b>83%</b>	<b>100%</b>

### Financial Planning

- We should prepare for the possibility of no rental income in the coming FY. This will likely drive staffing changes, and we will want to work to make these transitions as smooth and painless as possible, including job retraining when feasible.
- I will present a budget at the May meeting, but I'd like for the board to plan to convene twice before the congregational meeting.

### Building and Grounds

- Request authorization of funding from Major Building Maintenance Fund for following projects to be completed when vendors are authorized and available to work:

Cost	Repair Project
\$40,798	The sidewalks are in disrepair and present trip and fall hazards that also require remediation.
\$6,133.77	The front door entry pad is in disrepair present trip and fall hazards that also require remediation.
\$12,500	The parking lot has not been sealed and striped since 2017. There are multiple areas where the surface has degraded creating trip and fall hazards as well as lawn damage due to drainage issues that require remediation.
<b>\$59,432</b>	<b>Total cost of recommended repairs / maintenance</b>

### Upcoming Study Leave, Vacation, or Travel of Senior Minister

- I would like to take a week off in the next month. I will be in conversation with the senior staff about how to determine best time and notify BOT as soon as feasible.

# Appendix A: Treasurer's Report to the Board

April 13, 2020 for the period ending March 31, 2020

## Notes:

### • Church Operations:

- **Income:** YTD Pledges (**79.1%**) and Other income (**78.5%**) receipts are still running slightly ahead current time period (**75%**). Pledges run slightly behind last year performance, while Other Income is slightly ahead. Our anticipation is that in the upcoming months, due to COVIT-19 epidemic and market/economic condition – there will be no additional Building Usage Fees and Pledge income might be somewhat impacted.
- **Expenses:** Spending is continuing to be under budget. Since certain expenses are current unwarranted (supplies, less utilities, on-site programs expenses, etc.), we anticipate the budget will stay underspent. It is our intent to maintain the same FTE level of labor funded until the end of the church year. Evaluation of the Federal CARES ACT Paycheck Protection Program authorizing partially, or completely forgivable loans are under way and if warranted will be requested to be Board of Trustees approved in April meeting.
- **Net Income:** The projection is still to be Net 0 for Full Year Budget.

### • Long Term Investment (Alesco-Managed Funds):

- 3Q Income Endowment **decreased** substantially due to the Market Performance by **\$1,084.24K (YTD decrease of \$640.86K)**. Considering Year-To-Date Bequests/Contributions (**Gain of \$769.5K**) and Draws (**decrease \$187.89K**), overall fund **decreased by \$59.2K**. (Out of this amount \$225 was decrease from prior year reconciliation)
- 3Q Common Mutual Fund's Funds also decreased substantially due to the Market Performance by **\$121.6k**. Overall Net Balance YTD **decreased by \$139K**. (Out of this amount \$79,538.78 was decrease from prior year reconciliation, so true **decrease** was **\$59,373.99**)

### • Restricted Fund's usage:

- Property Maintenance and Improvement Fund Spend
  - *Hearing Loop Project* (BOT approved on 9/10/2019) \$1.06K
- Gilbert Spirit Fund: based on Selection Committee recommendation, the follow Board of Trustees approved disbursements was done in March (Total \$11.2K):
  - *Spiritus Christi Prison Outreach Woman Initiative* - \$2K (Fully Funded)
  - *Children Film Festival* (The Children's Institute) - \$1K
  - *Esipova Youth Ballet Theater* - \$3.2K
  - *Teen Empowerment* - \$5K (Fully Funded)
- Greater Good Project fund were disbursed in March (Total ~\$32.39K):
  - *Center for Teen Empowerment*
  - *NAMI Rochester*

### • Administrative Comments:

- Plate for Wider Community Minister Discretionary Fund
- 2019-2020 Pledges 2020-2021 Pre-Paid Pledges

will be processed in April.

- **Treasury Report Changes:**

- New report Monthly Restricted Fund Detail was introduced into TR package (#5) to detail I&E transactions by demonstrating YTD which delineated better Receipts, Financial Gain/Loss and Draw from Income Endowment & Common Funds in the year.
- New Minister Discretionary Fund Contributions Account (20500) is now displayed as part of the Monthly Committee Account Report (#4) in TR package.

APPROVED