

FUSN Board of Trustees
Tuesday, January 10, 2017
Children's Chapel, 7:30 PM

<p>Staff Erin Splaine, Minister. On Sabbatical John Nichols, Sabbatical Minister Rowen Van Ness, Director Life-span Religious Education-absent Sam Foster, Congregational Engagement Coordinator</p> <p>Board Cathy Morocco, Chair Brian Burba, Vice-chair Gregg DiBiaso Josie Greene Eric Haas Julianna Lakomski, Youth Sara Fazli, Youth Lesley Sneddon Clerk Kit Ryan</p>	<p>Presenters Saul Lookner and Ellen Metzger, Co-chairs, Annual Budget Drive (ABD) Dan Brody, Chair, Financial Over-sight Committee (FOC) Urban Larson, Board of Investments (BOI) Karen Bottar, Finance Co-Chair</p> <p>Visitors Laurel Farnsworth, Operations Bruce Henderson, guest</p>
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Meeting Highlights

- 1. Review the Annual Budget Drive Plans for FY18**
- 2. Discuss a Proposal from the Financial Oversight Committee on Uses of Endowment Funds**
- 3. Review and discuss an FY18 Budget Forecast**

Our Covenant/ Chalice Lighting/Reading. Brian

Check-In/Introductions

Welcome to Sam Foster, new Membership Coordinator

Procedural: December 16 minutes: vote deferred

Staff & Board Updates

John Nichols, Sabbatical Minister

Erin returns to FUSN February 20th and her first sermon will be February 26th.

Cathy Morocco, Board Chair

- Dick Bail sent Cathy information about an organization to support Syrian

refugees, with a request that FUSN consider joining the organization. Cathy reiterated the Board and Erin's interest in finding a way to respond to Syrian refugee needs. The Board will entertain ideas and proposals from the congregation. Josie Greene will follow up Dick's request by speaking with him about the organization and his ideas about how FUSN might become more involved.

- The Steering Committee members are planning ways to welcome Erin on her first Sunday back, February 26 and ways to say thank John on his final Sunday, February 19th.
- Cathy and Gregg have held several informal conversations with Laurel, Susan Bartlett, and Jacki Rohan about FUSN's last Capital Campaign, which was close to 14 years ago (Note: many congregations hold Capital Campaigns every ten years). Conversations addressed our capital needs and preliminary planning that took place three years ago. Cathy will make an opportunity to summarize those conversations in a later Board meeting.
- Eric Haas commented that the completed handicapped access to the Highland Ave entrance "looks fabulous and has good lighting." Laurel cautioned that the handrail is not yet in place and will be installed by January 20th. FUSN will hold a formal dedication ceremony in the spring
- Cathy asked Laurel why our tower is completely dark at night, in contrast with the Second Church further up Highland Avenue. Laurel responded that FUSN is avoiding lighting the tower in order to prevent light pollution.
- The leadership of the Black Lives Matter (BLM) banner sent a note of appreciation to the Board "for your support of the Black Lives Matter banner." Since the beginning of June, the phone number and dedicated email address have received eleven unique responses (three positive, three negative and five neutral (e.g. "Can I interview someone about your banner?") The banner has not been vandalized. In an unsolicited response, a new member said they came to FUSN *because of* the banner. At least twelve Boston area UU churches have raised banners and "FUSN is seen as one of the models in the process we took to get it raised..."

Strategic/Generative: Stewardship and Finance Matters

Annual Budget Drive (ABD) Plans for FY18. Saul Lookner & Ellen Metzger

(Handouts included the Annual Budget Drive Report for January 10, 2017.

Ellen presented their FY18 theme, "Gather the Spirit, Harvest the Power." Their ABD team do not intend this as a political message." (It is the title of a hymn from *The Living Tradition* hymnal). The ABD team is beginning sign-ups for pledge parties, which will begin after the February break and end by Easter, April 16. The team is revamping the brochure from the previous year and will use FY15 financial data.

The ABD team requests a budget of \$3000 for the coming FY18 drive beginning next fall. Tom Bean handled much of the copying and printing for the previous year's FY16 drive, so that the team did not spend its full budget. This year, with Tom only peripherally involved, the team has spent \$1000 of their current

budget of \$3000 for printing. Some party hosts may ask for reimbursement and some testimonial presenters may need travel reimbursement.

Ellen reviewed 2015 and 2016 Budget Drive data and 2017 trends that appear in An Annual Budget Drive Report to the FUSN Board June 3, 2016 (See 2016 Annual Report). Highlights of that report include:

- Pledge parties build community and may result in more people increasing their pledges.
- Testimonials are a popular strategy.
- Pledges can now be paid on-line.
- The explicit expectation that people will, as able, pledge 2-5% of their adjusted gross income, together with a high Board target, may have been instrumental in causing people to increase their pledges. The average increase is \$213 or 13% over last year's average.

Inaccurate lists of FUSN donors continue to pose a challenge for our Budget Drive Team. A shared goal of Membership and ABD Team is to pass on a useful database to the next ABD team. The ABD team needs a target amount for fund raising from the Board now. (This was addressed later in the meeting).

Financial Oversight Committee (FOC) Proposal on Use of Endowment Funds. Dan Brody (FOC) & Urban Larson (BOI)
(Handout: "Use of FUSN Endowment Funds")

Dan provided some background for the proposal, including the importance of having policies that protect the endowment from swings in investment returns. As the proposal introduction states, "The Board of Investment and the Financial Oversight Committee believe that these funds (the various funds in FUSN endowment) can be used in a way that makes a larger and more stable contribution to the annual operating budget of the Society, while meeting all legal and fiduciary requirements." (p. 1).

The proposal's six parts draw on current best practices cited in research and used in several major universities. The six proposals include the following:

1. FUSN should amend the FUSN By-Laws to require the Board of Trustees to establish an endowment spending policy and an endowment loan policy and to report annually on exceptions and changes.
2. The Board should adopt a new spending policy that sets aside more money in years of strong endowment performance to avoid the need for large reductions in spending in years of poor endowment performance.
3. The Board should adopt an Endowment Loan Policy with several suggested guidelines.
4. The Finance Committee should make changes to maximize the use of restricted funds.
5. The Board of Investment should streamline endowment fund accounting.
6. The Board and the Planned Giving Committee should revitalize FUSN's Legacy Campaign.

In their arguments for the value of a policy change, the presenters referred to lack of

Board compliance with a 3% limited suggested in current policy, the Board's approval of a loan to support a Sabbatical Minister during Erin's sabbatical, and an unpaid past loan from the endowment. Responses to those arguments included

- An assertion that all previous loans from the endowment have been repaid.
- A recommendation that the FOC consult with FUSN's By-laws person as to whether the proposal is too specific to be a By-law. The presenters will schedule a meeting to do so.
- A comment that Board of Investments and Financial Oversight Committee, as well as the Board of Trustees, view the 3% limit on endowment draw as an unrealistic policy, given FUSN's current needs.
- A Board member asked whether the small gain in funds, that is likely with the new approach, justifies a complex new set of policies. The presenters argued that in funding a small organization small gains matter.

Board members also commented that the proposal offered potentially useful benefits to the Board, as one put it, "Useful tools to support our Fiduciary role".

Budget Forecast for FY18: Implications for ABD Target. Karen Bottar, Co-Chair, Finance Committee.

The Board is currently finalizing its goals for the FY18 budget. The Finance Committee is aware of the goal of including an item that builds reserve for future sabbaticals for minister. In addition, the Board has approved a sabbatical policy for the Director of Lifespan Religious Education and would like to add reserve for that policy as well. A suggestion was made that the budget build a reserve for personnel searches.

Cathy discussed two Board Initiatives that may need funding support for the coming year: the Welcoming Congregation Implementation and the Faith Formation Task Force. The Finance Committee needs these requests by the end of February. (Follow up note: Requesting funds for the Faith Formation work is not the Board's responsibility; the Board has given the Finance Co-chair a specific request for funds for the Welcoming Congregation Implementation Team work.)

Karen reviewed several parts of the long-term forecast, including Assumptions, Long-term Plan, Long-term Forecast for RY18-FY22 and a Summary. She responded to clarifying questions from the Board including, How vulnerable is FUSN is to loss of rental revenue? The Operations Council representative responded that the Pine Village Preschool is a year-to-year commitment of \$45,000 and would be "impossible to replace." In addition, our funding through special activities, such as Christmas tree sales and the auctions has "topped out."

Based on the forecast for FY18, and the need for a moderately challenging target for the Annual Budget Drive, the Finance Co-chair recommended a target of \$560,000. The Board approved this target and will present it to the ABD Team.

Appreciations/Close.

Meeting adjourned: 10:00PM