

USG Board of Trustees Meeting, December 17, 2013

Members present: Tom Ott, Marina Patrice Van Gossen, Craig Miller, Bob Williford, Dennis Strain, Andrea Parry

Non-members present: Rev. Kent Matthies, Gloria Smith, Carolyn Cotton (Chalice Lighter Grant), Charles Gabriel (Financial Council Report)

Motion: to approve the November Minutes

Motion approved: 6-0-0

Minister's Report (attached)

Joan Javier-Duval's Ordination: The UUA's Ministerial Fellowship Committee has given Joan its highest approval for being ordained. Joan has requested USG ordain her, preferably in late May or early June.

Motion: That Board approve Joan's ordination at USG.

Motion approved: 6-0-0

UUA Retirement Plan: The UUA has modified its pension plan by, inter alia, requiring 10% participation. USG already provides 10% participation, so this and other modifications do not affect USG. The UUA, nonetheless, requires Board approval of the new plan by January.

Motion: That USG continue to participate in the UUA Retirement Plan.

Motion approved: 6-0-0

Chalice Lighter Grant

USG will apply to Chalice Lighters for an Innovative Growth Project Grant to upgrade the sound and lighting in the sanctuary and provide video for that space. A Letter of Intent to Apply is due in January and must be approved by the Board.

Motion: That the Board approve sending the Letter of Intent to Apply and that the Board evaluate project options pending outcome of the grant.

Motion approved: 6-0-0

Financial Council Report

Charles Gabriel reported that pledge income is close to budget, but that rental income is down because of the vacancy in the Youth Lodge apartment. Unanticipated Building and Grounds expenses have necessitated increased transfers from the Consolidated Investment Fund. The Council plans to have an outside audit every three years and to do annual internal audits in the off years. Recommendations for allocating the Edna Jones bequest will be submitted to the Board in January.

The Council recommended that the Board modify three policies by substituting the Financial Council for the currently defunct Administrative Council.

Motion: That the Board approve the proposed amendments to *Establishing, Revising and Publishing Policies*.

Motion approved: 5-1-0

Motion: That the Board approve the proposed amendments to *Endowment Policies and Procedures*.

Motion approved: 6-0-0

The proposal to amend *Procedures for Board's Conducting of Biannual Ministerial Review* was tabled.

Governance and Ministry Task Force

Andrea reported on the task force's deliberations. Our current structure has most committees reporting to the Ministries and Programs Council or the Financial Council; two significant committees, Personnel and Buildings and Grounds, reporting directly to the Board; and the staff reporting to the Minister who reports to the Board. This results in the staff having the major responsibility for church operations but authority scattered amongst the committees. Examples of the problems this creates, follow:

- Although Building and Grounds reports directly to the Board, the Board provides very little oversight.
- If a problem arises in Small Group Ministries, they are likely to look to the Minister for a solution, even though that committee reports to MPC.
- If the RE Chair resigns, the Minister takes responsibility for finding a replacement, even though the RE Committee reports to MPC.
- The Worship Arts Committee, reporting to MPC, selects lay worship leaders, but the Minister is held responsible for church worship.
- The Administrator receives reports of heating and plumbing problems but has neither authority nor budget to make repairs.

The proper allocations of authority and responsibility are not yet apparent. This will require additional deliberations by the task force and the Board.

Motion to adjourn. Meeting adjourned at 9:35pm

Respectfully submitted,

Dennis Strain

Minister's Report to Board of Directors
December 10, 2013
Rev. Kent Matthies
Unitarian Society of Germantown

Pastoral Care: Over the last month a number of members of our congregation have received difficult news about their health, undergone surgeries, been hospitalized, or just struggled with intense cold and flu. Kathy Sheeder Bonanno has been diagnosed with stage four breast cancer, which has metastasized to her bones. She has undergone many tests and is now consulting doctors about various options for treatment. Sally Steibig beat breast cancer many years ago. The cancer has returned to her spine and she is receiving treatments. Tom Stupak's father died of a sudden, fatal heart attack. I am working with Linda Bernstein, Sarah West and Daniel Gregoire to make sure USG does our best job to give the best care possible to all our members in distress.

Worship Arts/Second Worship Service:

We had a highly energetic and beautiful day last Sunday, December 8th. At 9 am we met in the assembly room for a worship service for all ages, which was driven by one primary Hanukkah story and many songs. This more casual, interactive and participatory form of worship is exemplary of how we intend to shape more of the 9 am services. We will not always have plays, but we work to uniquely address spiritual needs.

At 11:15 the choir gave a magnificent performance of Handel's Messiah. In both services and afterwards we formally celebrated Mark's 30th anniversary of his time at USG. Poems, reflections, special music and cake all represented the blessings of many years of great service. Thanks to Ann Schoonmaker, Jan Young, Linda Smith, Si Powell and Andrea Parry for their good work.

Governance and Ministry Task Force: Under Andrea Parry's leadership we have a talented, hard-working group. We continue reading, reflecting and writing about the assets and challenges we find in our current USG system as well as what kind of systems and processes might work best for USG. A primary question is: How do we give people responsibility and authority and hold them accountable to do the ministry that advances the mission of the congregation? We look forward to sharing our presentation with you and having conversation at the meeting Tuesday night.

UUPLAN As a member of the Board of the UU Pennsylvania Legislative Advocacy Network I was proud that we had a successful Annual Meeting in Harrisburg on December 7th. Over eighty attendees from approximately 23 churches attended. I believe this organization will become increasingly helpful for USG and Unitarian Universalism in general to activate effective social justice efforts on issues that matter to us in PA. Currently we have teams working on environmental, economic, immigration, Reproductive, LGBT and Mass Incarceration Justice issues. I am talking with our Ministries and Programs Council and Social Justice Coordinating Team about how we can maximize economy of scale operations in collaboration between USG and the state advocacy efforts of UUPLAN. This is a good transition to conversations about Staffing for next year:

Staffing: Our Consulting Minister, Joan Javier-Duval gave birth to a healthy baby boy, Liam this month. Joan, Liam and Jared are all doing well at home. Joan is on a two-month maternity leave (one month paid, one month unpaid). She will return to work on January 17th. Joan works 16 hours per week and will be with us through late June. At that time we will no longer have her services. The significant question before us is what will we do to complete the tasks for which Joan is responsible: monthly preaching, young adults, membership and social justice. After meetings with Andrea Parry, Delores Hill, Susan Smith and the Ministries and Programs Council we seem to have consensus that next year we can meet our needs with the remaining staff and lay leadership. We do not feel pressing need to replace Joan next year. We believe that with no changes to the budget we can bring in a few more outside preachers, perhaps Daniel can preach a couple of times and lay leaders can take the pulpit with excellence. Daniel Gregoire is willing and able to lead Young Adult ministries. Gloria Smith has consistently served as a strong link between staff and membership, which can continue. The big challenge in filling Joan's job description lies within social justice. At this point we believe the best, imperfect idea is for me to take the lead from staff on Social Justice. One asset of this idea is that I can help us to formally explore a stronger link between UUPLAN and USG. This may reduce some of our leadership needs and allow worker bees to do good things.

In our discussions we also highlight a strong interest for USG to explore establishing ourselves as a learning institution for another Intern Minister in 2014-15. We can/should apply for a UUA grant which would give us half (\$8,500) of the money needed to pay the expenses for an Intern Minister. We believe an explicit focus of the Intern's work could be social justice.

UNITARIAN SOCIETY OF GERMANTOWN

Endowment Policies and Procedures

Revised and Approved by the Board of Trustees 12.17.13

Replaces policy approved 6.29.10

The USG Endowment

The Unitarian Society of Germantown (USG) Endowment is composed of proceeds from sales of property, bequests, and contributions from USG members. It is comprised of two parts, the Eliza Justice Fund and the Consolidated Investment Fund.

The majority of the endowment is a pool of six component funds titled the Consolidated Investment Fund (CIF). Each component has a stated purpose: Three of the funds (Justice, Sullivan Library and Sullivan Assistance Funds) were established by will, and have legal strictures. The CIF is to be managed by an independent money management firm.

Since 2008 the Investment Committee has engaged Trillium Asset Management Corporation as manager of the CIF. Trillium is recognized as an expert in a socially responsible investment and has been directed to do so with USG funds.

- The Eliza Justice Fund: Eliza Justice's will created a trust, the income from which is to be used for USG operating expenses. The will specified the bank to act as trustee; that bank is now part of Wachovia, and Wachovia has assumed management. As of March 2009, the Trust had a balance of \$55,000; proceeds in the USG Operating Account for 2009-2010 budget year were \$3,600.

Consolidated Investment Fund (CIF), constituent parts

The following are the six funds managed by Trillium Asset Management Corporation at the request of USG. Included here is a brief description of each fund's mission, restrictions, guidelines and procedures.

- The General Endowment: The General Endowment of the Consolidated Investment Fund is maintained to assure the long range financial future of the Unitarian Society of Germantown, to help the Church manage and survive financial emergencies, and to fund special projects that further the mission of the Church. The General Endowment constitutes the greater portion of endowment holdings.

While the main body of the General Endowment is maintained for the purposes stated above, a percentage of dividends, interest and appreciation, averaged over three years (in a "total return formulation" described in Appendix C) is distributed to the Church's operating fund for use as decided by the Board of Trustees.

- The Memorials Fund: Funds contributed to USG in memory of the departed are placed into this fund. There are no restrictions on the use of these funds, though convention has favored funds being used for a capital purchase. By Board designation, the Memorials Fund is administered by the Administrative Council. The Special Contributions Policy at Addendum A, established by the Board in the 2009-2010 fiscal year, covers distribution and handling of memorial gifts, honorary gifts and bequests made to USG.
- The Music Maintenance Fund: Created as a financial reserve for USG's music program, the fund is administered by the Music Committee. Funds are to be used for repair and maintenance of the organ and pianos.
- The Nicky Brown Educational Fund. This fund is the combined result of a previous church scholarship loan fund and a gift from Bob and Ingrid Brown in 1986 in memory of their son. The fund is administered by a Committee of three, appointed by the Board. USG members may be considered for a grant, regardless of age. The Committee's 1994 written policies and procedures are at Appendix B. The Committee's intention is to preserve current capital and to distribute small grants in an annual amount consistent with a Total Return formula like that applied to the General Endowment.

- The Sullivan Assistance Fund. This Fund was created by Mrs. Sullivan's Will in 1937 "for the assistance of the poor." The fund is administered by a committee of three appointed by the Board of Trustees. The committee decides on the amount (and in some cases, the frequency) of grants. The amount dispersed is generally confined to income. There have been contributions to the fund by USG members since Mrs. Sullivan's original bequest. Some recipients have repaid their grants.

Generally, Sullivan Assistance Funds have been awarded to USG members. Grants are made in response to immediate need with a clear impact and where other resources either are not significant or are not available in a relevant timeframe. Usually grants are requested in writing, often by one of the ministers. A book of past history is maintained by the Committee. Confidentiality is afforded all applicants and grantees.

- The Sullivan Library Fund: Created by Mrs. Sullivan's Will in 1937: "I leave Dr. Sullivan's library...to create a memorial library... and \$5,000, the income of which shall be used to maintain the library." USG has used this fund to pay for curricula, books, software and related expenses. By Board designation, the Sullivan Library Fund is administered by the Administrative Council.

Reporting

Those administering the Memorials Fund, the Music Maintenance Fund, the Nicky Brown Educational Fund, the Sullivan Assistance Fund, and the Sullivan Library Fund will report to the Board of Trustees at the end of the Fiscal Year on contributions to and specific uses of the funds within their cognizance.

Distribution among Accounts

The CIF pools constituent funds. Reconciliation of funds is conducted periodically by assigning contributions, disbursements, income and expenses among the funds, and adjusting component percentage participation. See the accompanying example at Appendix C and recent (2009) summary below.

Percentage fund breakdown for fiscal year 2009-10

General Endowment	0.581
Memorials Fund	0.059
Music Maintenance	0.034
Nicky Brown	0.050
Sullivan Assistance	0.212
Sullivan Library	0.064

Transfer Procedures

The Board of Trustees approves in the annual budget a total contribution from the CIF to operating expenses. The Contribution of individual funds are included in the budget under the title "CIF Transfers", and enumerated in the 4600 series.

Appropriated funds from the endowment may be transferred to the USG operating account by the Assistant Treasurer for the CIF at any time in the fiscal year deemed appropriate to their use. No more than the amount designated in the approved budget may be transferred over the budget period. However, the USG Treasurer, in consultation with the Assistant Treasurer for the CIF, may petition the Board for additional CIF draw-down authority to meet an emergency. In so doing, the Treasurer will describe the current budget circumstance, and whether the request is for a loan or for an expenditure not expected to be reimbursed. If a loan, the Treasurer will outline when the funds might be repaid to the CIF.

Appendix A: USG Special Contributions Policy

Memorial Fund Donations Honorary Gifts, Bequests

Definitions: Memorial Gifts - are in memory of someone
Honorary Gifts - are made in honor of someone who is living
Bequests - come from people upon their death via will or trust
Memorial Fund - An account within the Consolidated Investment Fund
General Endowment - The unrestricted portion of the CIF
Consolidated Investment Fund - (CIF) The total of USG endowment funds, including any sub funds.

Special Contributions come in quite different amounts. While memorial gifts are generally small amounts, bequests may be quite large. We wish to recognize all of the special gifts listed above and to have standardized procedures for their acceptance and use.

Donations to the Memorial Fund, and honorary gifts, shall be monitored and administered by the Memorial Fund Committee. The Memorial Fund Committee is appointed by the Board of USG. Per Board directive the Administrative Council is currently (1/01/2010) the Memorial Fund Committee. Restricted gifts will be administered by the Finance Council.

- 1.) Memorial Funds may be used at the discretion of the Committee. Following historical custom, Memorial Funds are used for specific identifiable projects. Funds may not be used for the support of the church operating budget but may be used for purchase of church equipment.
- 2.) The Committee will consult with the Finance Council and/or Board about expenditures, when appropriate.
- 3.) Acceptance: Acceptance of any Memorial gift is subject to review by the Committee. When appropriate, The Memorial Fund Committee will consult the church Board or the Board Pres.
- 4.) Unrestricted Gifts: The first \$1,000 of an unrestricted memorial and honorary gift is to be deposited into the Memorial Fund. Any excess over \$1,000 is to be deposited into the general endowment.
- 5.) Restricted Gifts: If a restricted donation is accepted by the Finance Council the Finance Council will a) establish a Special Projects Account and b) deposit the donation in the Special Projects Account established for the Specific gift purposes. Distribution of the funds will be in accordance

with established USG policies. Remaining unused restricted gifts may be disbursed as the Finance Council sees fit. The Finance Council may decide to deposit any remainder into the General Endowment.

6.) Unrestricted Bequests are to be placed into the General Endowment.

7.) Restricted Bequests are to be administered by the Finance Council.

8.) Acknowledgements - The Committee will assign a standing volunteer group to send a formal thank you letter acknowledging a Memorial Fund gift. In the case of an Honorary Gift, the honoree is also to receive notice that the church has received a gift in their honor. Any IRS required receipt is to be sent by the pledge/financial secretary. If the gift is a bequest, the acknowledgement and receipt are to be sent to the Executor/Administrator of the estate by the Church Treasurer. The Finance Council Chair will send a formal thank you letter acknowledging a Restricted Gift or bequest.

9.) Memorials Book- All memorial donations and bequests donations are to be acknowledged in the Memorials Book. Responsibility for the book and thank you is the responsibility of a standing volunteer(s) committee appointed by the Memorial Fund Committee. All people memorialized are to receive an entry in the Memorials Book. There will be only one entry per honoree.

10.) Entries- Donors are to be encouraged to suggest a few words for the entries included in the Memorial Book. All entry decisions will be at the discretion of the Thank You Volunteers.

11.) Recognition of projects- Other Special Gifts and Specific projects are to be recognized in a separate book.

12.) Records- A standard record form is to be used for gifts to the Memorial Fund. It is to include the date of the gift, the name of the donor, the name of the person memorialized or honored, and the gift amount.

13.) Public display- In addition to the above, the donor or family is to be notified when the memorial book has been updated and when and where it will be displayed by the Thank You Volunteers.

14.) Any cost of administration is an expense of the Memorial Fund.

Appendix B: Guidelines on the Nicky Brown Educational Fund of USG

(Provided from the records of that committee dated 7/11/94 by Ingrid Brown and quoted below.)

CONSOLIDATION OF SCHOLARSHIP FUNDS

By Board directive, two funds were combined:

- 1) Youth Scholarship Fund with a history going back to Depression years, later called the Youth Educational Loan Fund.
- 2) Nicholas Brown Scholarship Fund, established in 1986 with a gift from Bob and Ingrid Brown.

The former in recent years had made student loans to church members and their children. The latter disbursed small stipends to students without repayment requirements.

Current committee members are: Ingrid Brown, chair; Gloria Armstrong and Bert Levy. Sarah West is Board liaison and facilitator in the formation of the new committee, which is named The Nicholas Brown Memorial Education Fund Committee.

These are the new guidelines:

1. Eligibility: Any pledging member or friend (2 years or more) or their children.
2. No age limitation for applicants.
3. Funds may be used for college, graduate school, vocational or job retraining, conference to enhance specific skills that will benefit the congregation, also conferences for youth. Pre-college tuitions are excluded.
4. A.) The current capital shall be preserved.
B.) Repayment of current outstanding loans will be added to principal.
C.) Only the income is to be used to make small grants.
D.) No loans will be made from this fund.
E.) Funds are distributed once a year, usually in equal amounts to the number of applications received.

Appendix C: Calculating "Total Return"

Here are examples of the calculation.

1990 EOY value	\$780,000
1991 EOY value	\$825,000
1992 EOY value	\$850,000
1993 EOY value	\$650,000
1994 EOY value	\$625,000
1995 EOY value	\$780,000

For 1993 we use the average of: \$780,000 (1990); \$825,000 (1991), and \$850,000 (1992) which equals \$818,333. So the income for 1993 would be: $[\$818,333 \times 0.04] = \$32,733$

For 1994 the average of: \$825,000 (1991); \$850,000 (1992); and \$650,000 (1993) is: \$775,000. The income available for 1994 would be: $[\$775,000 \times 0.04] = \$31,000$

For 1995 the average of: \$850,000 (1992); \$650,000 (1993), and \$625,000 (1994) is: \$708,333. The income available for 1995 would be: \$28,333. For 1996 the three-year average is: \$685,000. The available income for 1996 is: = \$27,400

If we were to not use a three year average but just allocate 4% of the previous year, then the available income would be: \$34,000 ($\$850,000 \times 0.04$) for 1993; \$26,000 for 1994; and \$25,000 for 1995. The range of these three years is \$9,000, whereas the rolling average gives a range of only \$5,333.

Appendix D: Process of CIF I Component Account Percentage Assignment

Introduction

Annually at the end of the fiscal year, the percentages of the Consolidated Investment Fund representing each component of the CIF are recalculated based on account activity during the year. This is a simple process that involves adding up spending and additions of new funds for each CIF component, adjusting the prior year's fund values by adding new contributions and subtracting spending, and calculating the new fractional assignment based on these adjusted values (called "nominal values.") Since the spending and new contributions generally take place within the CIF checking account during the year, it is necessary to combine the checking account balance with the investment account as a grand total for this calculation to be valid. Transfer of funds between the investment account and the CIF checking account do not alter this total and are not therefore either new funds added or spending.

A further simplification arises from the switch in recent years to defined fixed periodic withdrawals. These are simply counted as spending from the General Endowment (if all of these funds go to support the operating account as General Endowment income). There is no need to track interest and dividend income as was done in the past since all interest and dividends are retained in the investment fund.

A spreadsheet has been developed to facilitate the calculation of percentages.

Spreadsheet Instructions

1. Place starting values (from end of prior year) in top section. (Spreadsheet will be altered to make this automatic, except for the first year)
2. Enter total new deposits and spending for each fund in the next two sections. Nominal values and new fractions are automatically calculated.
3. From account statements, enter the June 30 investment and CIF checking account values in the "values as of" section. Account values are automatically calculated using the new year-end fractions.

Note: the Account values can be determined at any time during the year by entering current account balances in the "values as of" section. Places where new data must be entered every year are enclosed in boxes.

Communicating values

Always remind people that most of the CIF is an investment account whose total value changes every day according to market performance! The account values are only valid for the date of the statements used to generate them.

UNITARIAN SOCIETY OF GERMANTOWN

Establishing, Revising, and Publishing Policies

Reviewed and Approved by the Board of Trustees 12.17.13

Replaces policy approved 7.22.13

Establishing Policies

Operating policies that are current and actively used in the governance of the Unitarian Society of Germantown and that have been adopted by the Board of Trustees shall be identified as USG Board of Trustees Policies.

Reviewing, Revising and Removing Policies

Current existing policies should be reviewed every five years by designees of the Board President. Policies may be revised or removed by action of the Board of Trustees.

New Policies

New policies may be recommended at any time by the staff, the Ministries and Programs Council and the Finance Council. New policies are adopted by action of the Board of Trustees.

Publication

Action on new and revised policies will be recorded in the Board minutes. Electronic copies of the new and revised policies will be supplied to the Office Administrator who will place the changes on the church's website and include a notice of new policies or major revisions of existing policies in the church newsletter. The Board Secretary will be responsible for seeing that copies of new policies are distributed appropriately.

Format of policies

Policies will be formatted in a standardized manner. The title will reflect the content of the policy. New policies will include the date of adoption by the Board and the titles of any previous policies that the new one replaces; revised policies will include the date of revision.