

**FIRST UNITARIAN CHURCH OF PORTLAND**  
**Meeting of the Board of Trustees**  
**Minutes, March 27, 2008**

**Present:** Randy Russell (Moderator), Marilyn K. Scott, (1<sup>st</sup> Vice-Moderator) Cindy Cumfer (2<sup>nd</sup> Vice Moderator), Pat Malone (Secretary), Don Watne (Treasurer), Allison Frost, Teri Martin, Dave Patterson, Jim Shorr; Dale Wright, Ron Yoder, Tom Disrud, (Associate Minister), Marilyn Sewell (Senior Minister)

**Absent:** Helena Lee

Staff: Candace Clarke, Jan Larson

**Guests:** none

**Process Observer:** Cindy Cumfer

**Time Keeper:** Jim Shorr

**Minutes:** Jan Larson

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**To-do List:**

- 1) Allison Frost will send an edit for the February minutes' summary statement re: Church Finance Discussion section.
- 2) The BOC will discuss agenda for the April 20 Conversation with the Board – focus of this conversation will be the church budget.

**Actions taken:** The Board approved operating funds budget and the restricted funds budget.

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The meeting was called to order at 7:00 p.m.  
There was a quorum of 11 Board members.  
Don Watne read the Opening.

The February minutes were approved, with 2 corrections. Item #9 under Board Agenda – Foundation update, last sentence corrected to read, “In addition, the Board nominated Cindy Cumfer or Pat Malone to serve as the Board’s representative to the Foundation’s Board nominating committee.” The summary statement to the Church Finance Discussion section did not clarify fully that the Board was optimistic and positive about working with the congregation to develop a strong, sustainable church budget. Allison Frost offered to do an edit on that final summary statement.

**Announcements:**

- Randy Russell and the Board send a big thank you to Gardner Grice for his excellent work on the Facilities 5-year management plan. His work is greatly appreciated.
- Rev. Sewell will not be at the April Board meeting as she is attending the Pacific Southwest District’s annual meeting in California and will be the keynote speaker as well as a workshop presenter.

**Action Items:**

- None.

**Agenda Review:**

- Moved from Consent Agenda for further discussion: Projection of Revenue Financial Policy Change Proposal.

**Open Mic:** none.

**Board Consent Agenda:**

1. The Board approved by consensus the posting of the Covenant Committee’s FAQ document to the Board section of the Church’s website.
2. The Board approved by consensus the Contingency Reserve Financial Policy Change Proposal. The current Board policy regarding the Contingency Reserve in the preparation of the Operating Budget reads as follows:

**II. EXECUTIVE TEAM LIMITATIONS**

**B. Financial Planning And Budgeting**

6. Shall not allow budgeting:

f. That fails to provide for a contingency reserve of 2% of net revenues unless modified by the Board. Expenditures from the contingency shall require approval of the Board or the Board Officers Committee (BOC).

The new policy shall be as follows:

6. Shall not allow budgeting:

f. That fails to provide for a contingency reserve of 3% of net revenues (Total Operating Income plus Net Investment Income) unless modified by the Board. Expenditures from the contingency shall require approval of the Board or the Board Officers Committee (BOC).

3. The Board approved by consensus that the BOC has the authority to decide what items shall be posted to the Church’s Board website section.

**Board Agenda:**

1. The Annual Meeting is May 18. There will be a light buffet available from 9:15 to 9:45 a.m. in Fuller Hall with the Annual Meeting beginning at 9:45 and ending by 10:45 a.m. Voting ballots will be mailed to congregants the week of April 21. The ballots can be mailed back to the church, dropped off at the church office, or dropped off Sunday May 18 by 9:45 a.m. The meeting will also include a special program designed by the minister and program staff. One worship service at 11:15 a.m.

2. The Board discussed the proposed policy changes regarding the current Board policy’s assumptions for the projection of revenue and expenses in the preparation of the Operating Budget. Currently it reads as follows:

**II. EXECUTIVE TEAM LIMITATIONS**

**B. Financial Planning And Budgeting**

5. Shall not fail, in preparing budgets:

a. To estimate revenues using the lowest reasonable numbers available.  
b. To estimate expenditures using the highest reasonable numbers available.

The new policy shall be as follows:

5. Shall not fail, in preparing budgets:
  - a. To estimate revenues and expenditures using the most reasonable numbers available.
  - b. To have a written plan containing actions that will be taken to eliminate any projected deficit in the Operating Fund once the fiscal year is underway.

Discussion: Rev. Sewell asked for further clarification regarding the need for a “written plan” specified in the policy change. The concern is that a written plan may not be dynamic enough. Don and Randy explained that the need for a policy change was proposed as the church needs to have contingency planning in case we do not meet revenue projections. What do we do if the church doesn’t raise enough funds to meet our annual budget? How is the church to avoid a deficit situation in the future?

In preparing an operating budget, there is some form of contingency plan outlined. If we don’t know how much we are going to miss the budget by, how do we begin? A key question is what conditions trigger action - then we can begin to prioritize steps taken. The policy is meant to ensure that if we don’t make the revenue marks, the Board is notified, and the Executive Team presents a framework for actions to be taken. If the data changes every month as revenues change, the action steps may shift accordingly. There are other considerations such as the general economy, where the congregation is spiritually at any one time, etc. It was acknowledged that it is difficult to write a “prescription” that must be followed. However, the plan need not be prescriptive - the plan would be the “best guess” and be adjusted as facts change. For example, the church’s proposed 2008-09 operating budget has taken into account possible adjustments.

Due to the generation of diverse opinions, this policy item is referred to the BOC for further discussion and a re-crafting. The BOC will come back to the Board with the re-write for approval.

3. April 20 Conversation with the Board will focus on the annual budget. This is also an opportunity to inform congregants about the member pledge policy change coming into effect on July 1<sup>st</sup>.

4. Proposed Annual Budget Discussion: Rev. Disrud began discussion of the annual budget by thanking the board for their on-going positive support of the church’s mission. The church is growing and offering much to its members and the community. The Church’s wonderful success of the Buchan Building – the congregation responded positively to the Capital Campaign and members continue to pay on those pledges. However, we’ve run an operating budget deficit for a few years now. We need to become sustainable over the long-term now. We need to call the congregation to support our annual programs more fully. Martha Richards, financial consultant, recommends that we call the congregation to step up in their support rather than to start dealing with the deficit by making too many cuts.

Plans for the annual fund drive will involve a person-to-person model. (This was a successful approach for the capital campaign.) Wayne Clark, a development person with the UUA, has a book that is providing good insight and inspiration for staff – he recommends clearly presenting the needs and asking people to step up to support those needs. Current planning involves bringing on a staff person to coordinate fund-raising. This person will coordinate a large group of volunteers in fund-raising efforts. This person will also raise the money to fund this position.

We are busy clarifying who is pledging and who is not. Current pledging statistics:

Children and Youth RE families: 49% pledge, 51% do not pledge

Music families: 78% pledge, 22% do not

Fees for these departments will increase this coming year. The fee structure will be based on who is pledging and who is not. Fees will be raised over the next 4 to 5 years for those who are not pledging.

Fee increase example for the coming church year: in the RE Department, for those who pledge, for the first child registered, the cost will increase from \$45 to \$50. For those who do not pledge, the fee will rise from \$80 to \$120.

Questions may arise, such as “how do I know if I’m a pledger?” “I thought I was - I’m not?” Some people will be confused. Staff and annual fund advocates will help clarify. They will outline the benefits for pledging, and encourage people to be thoughtful and take time to decide if they want to become a pledging member. We want people to make the church their spiritual home and to give in a way that supports the needs of the church.

Parking fees are going up from \$20 for church year to \$30 for first half of year and \$30 for second half of year. This will cover the cost of renting lots.

Regarding Membership, other churches have a successful model that works within their new member process and the church is going to try something similar - within a three part series people will pledge during the third session.

Space use guidelines – we have groups that have met here for years and we hear that within some groups some of the people who attend are not members of the church. We will clarify to groups that we want the core leadership within these groups to be members. If not, people need to rent the space.

Promotion Coordinator (and Wedding Coordinator) Holli Nicknair is at work on outreach to generate more rental income. The staff has agreed to do a fund raiser this year. Program staff will be communicating more directly with their involved constituents. Communication plans are being developed.

To balance the budget for this coming church year, these cuts are proposed:

Only support staff will receive a COLA (no COLA for program staff, managers & ministers).

It is also recommended to hold off on paying our UUA and district dues. These dues cost about 90,000\$ per year.

The funding to send people to the General Assembly and district meetings will be cut.

Board’s contingency fund will be reduced by \$2000.

These are realistic and prudent cuts with the hope that the congregation will step forth with generosity for the upcoming annual fund drive. If the annual fund drive is successful enough to deal with the deficit, the COLA, and then dues will be re-installed. This year, the congregation did raise quite a bit of money on Association Sunday (for UUA), and we expect that will happen again this year. Congregants may need more information about why it is important to pay our dues to the UUA – the denomination as well as our church is involved in transformational work (The UUA’s development office has been informed that our church is running a deficit and currently will not be able to pay dues until funding rises.) Cutting staff is not an option. Our church is program rich and takes staff to make it happen. Developing a culture of generosity is an on-going process. Board and staff will continue to thank people for all their many gifts of time, energy and pledges.

Cindy asked about other sources of income such as foundations. However, foundations do not generally give to churches. They do give to other organizations such as some of our community partners (Women's International League of Peace & Freedom, NW Veteran's for Peace, UU Ministry for Earth, etc.). Rev. Lore reports our partners will be working on some grants this spring with hopes that some of the monies can be used towards rent.

Fiscal year 2009 budget includes the following assumptions: projecting increase in rental income; anticipating the staff fundraiser person will pay for him/her self; current contributions are up though number of pledgers has gone down - this means people are just writing a check to the church rather than making a specific pledge, and this trend may continue; program income will go down next year due to Fund 49 removal (money raised for special things such as Youth trips) from the operating budget. Reserve accounts are funded well. Reserve accounts are a form of savings not operating. They are tapped only as needed.

The deficit at the end of February was \$286,000. How will we reduce the deficit? Some monies have been borrowed from the building fund. By year 2010, we hope to reduce it by \$7,000 (from income). It will take years to pay it. We may have to borrow from a bank. The Church's income from NW Academy rental is less than projected. Prior to construction, it was thought they would be able to rent more rooms. Currently, \$80,000 comes in from NW Academy and \$24,000 a year is being put towards building debt - it was hoped that \$50,000 would go towards the debt .

Given the Church's circumstances, the Board agrees that this \$2,000 a month is now an appropriate amount to service this debt. Revenue is always an estimate. The Buchan Building, due to construction issues, had a late opening. Operationally, we have challenges and the Capital Campaign will still need to be funded at the end of five years. This reality will be part of further discussions with the congregation. The Board can create the momentum with the congregation about what it takes to be a committed member. The Board feels we have an aspirational budget and feel positive about plans for the annual fund drive.

Don commended the Executive Team and staff for the thought that has gone in to the current budget. This is an excellent budget given the current circumstances. Randy recommended that the Board approve the operating funds budget. The Board agreed by consensus.

The Restricted Funds budgets – Steiner fund has a deficit. Mrs. Steiner is now 100 years old and still receiving a monthly payment. It's been paid out of the operating fund. Finance Committee recommends that all the Restricted Funds budgets be approved. The Board agreed by consensus.

Regarding the April 20 Conversation with the Board: the BOC will review the agenda for the April 20<sup>th</sup> meeting.

**Process Observation:** Cindy reported the budget discussion was difficult but went well. Rev. Disrud did a good job of presenting the information. It was well organized.

**Closing:** Don read the Closing.

The meeting was adjourned at 9:10 p.m.