

First Unitarian Universalist Society of San Francisco  
**Regular Board Meeting**  
January 20, 2009

**Present**

Matt Fuller, vice moderator  
Thad Smith, treasurer  
Ben Bear  
Tara Hernandez  
Carol Johnson  
Mike McGirr  
Stephen Schwichow  
Don Williams  
Sonnie Willis  
Bill Wise  
Claire Weber, secretary  
Nancy Evans, Executive Director  
Peter Olandt, Ministerial Intern

**Absent**

Jane Park, moderator  
Greg Stewart, Senior Minister (study leave)

**Guests**

Roger Bulosan  
Amy Kelly  
Denis Paul

**Call to order.** The meeting was called to order by Vice-Moderator Matt Fuller at 7 o'clock.

**Opening.** Thad read from Pres. Obama's inauguration speech.

**Agenda review.** Add new item 4 under New Business: Bill Klingelhoffer's email concerning recognition of John Marsh.

Add Rheiner award nominations under Upcoming Events.

**Financial review.** Roger Bulosan of Lautze & Lautze presented the financial statements and constructive services letter for the year ending June 30, 2008. He explained the difference between a financial audit, a financial review and a financial report. An audit requires independent third party verification and testing of some cash disbursements and payroll so it costs more. When asked about what amount of reserve the church should maintain, Roger recommended about a six months reserve, which is about \$733,000. This should be held in unrestricted net assets. The church currently has only about a three months reserve.

Roger provided a constructive service letter. He explained that a constructive service letter is a report about items observed during the financial review and includes some items remaining from the earlier audit. The most recent review shows that the church has adopted several earlier financial recommendations.

A new California statute restricts accounting and disclosure rules for non-profits, and Roger has provided us with a summary of the changes. Among other items, the law authorizes the board to change the use of a restricted gift that is under \$100,000 and over 20 years old. The church must provide notice to the state attorney general to comply with the legal requirements to make such a change.

It is three years since our last audit and we asked when we should have the next one.

Roger said there is no specific recommendation for the frequency of a full audit, there is no statutory requirement for an audit and many churches never have an audit. Factors that may necessitate an audit include the existence of third party debt, a change in policy at the organization and significant internal turnover. We have none of these factors. Current negative trends in the economy and the market do not necessitate an audit for us because we are primarily a cash operation. The church could ask Lautze & Lautze to perform a less intensive financial review -- an "agreed upon procedure" to look at internal controls without doing an audit. This would be less expensive but would still review our finances. Thad suggested that a financial review would be sufficient and we can prudently forgo an audit for another year.

Motion by Thad to accept the financial statements as presented. Don seconded the motion. The motion was approved by a unanimous vote of 10 to 0 with no opposing votes, no abstentions and the vice moderator not voting.

**Consent agenda.** The December, 2008, minutes were approved with minor corrections.

### **Reports.**

Executive director's report. The board packet included Nancy's printed report and review of attendance and plate collection. She is also collecting attendance data for the Sunday afternoon Lutheran group and the meditation group to let California Pacific Medical Center know how many people are here on Sunday. The board would like that data included in the report.

Senior Minister's report. The board packet included the senior minister's printed report. There was no discussion of the report. Greg is on study leave in January.

Financial reports. The board packet included the printed financial report. Nancy noted that 42.5% of the church year is completed and our December pledge payments take us over 50% in pledged income received. Our total income is just under 42% and expenses are on target. She suggested the board express its gratitude to bookkeeper Grace Lam for her excellent work on the financial review.

### **Old business/Updates.**

#### Estate updates.

Drenton estate. Nancy reported that the city attorney's office says it has completed its investigation. We have no indication of the results of that investigation.

Wade estate. The accountants are now doing 2008 taxes and there should be a final distribution soon. The remaining funds will be paid out to our attorney and split with the other party before our final amount is determined. Nancy asked what account to use for some Wade-related expenses and it was agreed that the finance committee will make that decision.

California Pacific Medical Center (CPMC) update and question from CPMC committee. Bill provided us with an update on the CPMC task force, and a printed report from George Mayer was distributed. Bill reported that the project's environmental impact application statement (95 pages) is out and he will make it available to anyone interested. The task force recently met with several CPMC people, including architects, for a serious discussion of the project. However, CPMC has not provided any specifics in writing. General discussion followed.

### **Board initiatives.**

Intern committee resolution (taken out of order from New Business by agreement). Amy Kelly presented two items:

- New intern committee members. Motion by Ben to approve new members of the intern committee: Toby Meyer, Marie Kazan-Komarek, Jeff Melcher and Otto O'Connor. (Continuing members are Dick Castile, Melissa Fafarman, Amy Kelly and John Lawson.) Stephen seconded the motion. The motion was approved by a unanimous vote of 10 to 0 with no opposing votes, no abstentions and the vice moderator not voting.
- Teaching church resolution. Amy presented the following proposed resolution concerning church compliance with UUA guidelines related to interns:

#### FUUSF Resolution

From the FUUSF Intern Committee

For consideration at the January 2009 Board Meeting and at the Congregational Annual Meeting in June of 2009.

Whereas FUUSF is and has been involved with preparation of interns for the Unitarian Universalist ministry for more than three decades, and

Whereas FUUSF is therefore recognized by the UUA as a leading "teaching" church, and

Whereas as a leading teaching church, it is important that we lead the way for other churches in following and/or exceeding UUA Intern guidelines regarding training, compensation, and support while they are here,

Therefore be it resolved that the Board of Trustees and the congregation of FUUSF affirm our role as a teaching church. We support the endeavor to follow or exceed the UUA Intern guidelines regarding training, compensation and support for interns training and serving at FUUSF.

Amy explained that the intern committee would like the board to pass the resolution and recommend that the congregation approve it as well. The committee is recommending that the congregation approve the resolution so we can continue to attract excellent interns and meet UUA guidelines as a teaching church. Being a major teaching church

has both benefits and responsibilities and we need to recognize that. Matt asked if Greg was aware of this resolution. Amy replied that this was developed recently during his study leave period so he has not had input, but he has verbally expressed support for raising the intern salary to meet guidelines. Don noted the value of getting Greg's input on the resolution and any potential budget issues. Motion by Stephen to table the motion until the February regular meeting for the purpose of having Greg review it. Don seconded the motion. The motion was approved by a unanimous vote of 10 to 0 with no opposing votes, no abstentions and the vice moderator not voting.

#### 1. Finance committee/Treasurer's report: update.

Don suggested we take action on the auditor's suggestion regarding bequest funds whose expenditure may be legally modified under the new statute so we can "unrestrict" some small funds. Don and Thad suggested the finance committee decide what funds might be considered for modification and the board agreed.

#### 2. Leadership/policy governance.

- Committee liaisons:
  - Celebration and worship clusters. Claire distributed a written report on this cluster which includes seven groups: Ushers, Flowers, Assisted Listening, Worship Associates, the Art Committee, Ministerial Relations and the Music Committee. The music committee covers the Choir, Folk Ensemble and the Bell Choir. Ministerial Relations is a standing committee that was not included in the report. The ushers, flowers and assisted listening groups are working well. The art committee is small, has had the same leadership for some time and would like to expand its membership. The report did not include the Music Committee, on which Claire will report in the future.
  - Inreach/caring clusters. Ben orally reported on this cluster, which includes Young Adults, Small Group Ministry, Caring Committee, Membership and Safety and Security.
    - Young adults. This group has impressive energy and provides social lunches, a monthly worship service, a service project and other events. There are six leaders and they are focusing on developing new leadership. Young adults want to be involved in other church leadership positions and not isolated in the church. The group continues to develop new projects.
    - Small group ministries. The group is transitioning leadership from Carol Ruley to a new chair. The group reports that it would like more ministerial support.
    - Caring committee. This group has been recruiting for members in the Flame and the newsletter, but it is not a formal committee. Fred Rabidoux has reported that, since Linda Robertshaw left, there is no longer an efficient means of conveying info about what is needed to people who can meet the need. There may be more people who want to help with the work of the committee but don't want to attend committee meetings. So the focus now is

on getting current needs met. In the future, the group will consider whether formation of a formal committee is appropriate.

Membership. No report on this committee. Liz Strand is the most recent chair and is doing well.

Safety and security. No report on this committee.

- Update on Larry Peers Project. This Sunday after church we will begin the process of “appreciative inquiry” – learning what has worked here to allow us to build on our strengths. This is a conversational small group interview process. The project group will begin doing interviews this Sunday and the survey will be put on line. Larry will be here at end of February.
- Up On Top MOU update. No update.

3. Culture of Generosity/Fundraising update. Claire reported that the annual canvass will be co-chaired by Bill Klingelhoffer and Ron Weber. They are reviewing canvass approaches and expect to not use the Herb approach which we have had for the past few years. There will be a pre-canvass social event to thank generous donors from the last canvass and to solicit them for the new year. The board is expected to pledge early and to increase pledges if at all possible.

Thad emphasized the importance of the auction and asked each board member to offer at least one service or event for the auction.

4. Debrief on January Town Hall meeting. Mike and Claire facilitated this meeting to solicit opinions about the use of the remaining Gorham funds and the Wallace and Wade estates, the current bylaw specifying the distribution of undesignated bequests and the budgetary practice of drawing down reserves to meet ongoing needs. Claire distributed a printed report detailing all points raised by participants. Participants who expressed strong opinions were most concerned about ensuring the use of the Gorham bequest remainder for accessibility-related projects, particularly elevator-related projects. Mike noted that the music committee has also expressed interest in investigating ways to make the choir loft accessible.

The town hall discussion about undesignated bequests did not demonstrate any strong support of changing the current bylaw. There was some favorable reaction to the suggestion for a temporary bylaw appeal to rebuild the reserves. Two people strongly recommended a capitol fund drive, which was not on the agenda. No one objected to a capitol fund drive: one proponent wanted the drive to rebuild the endowment and one wanted to hire additional another minister or staffer.

Mike commented that he was disappointed that none of the discussion suggested anything new, reaching out or expanding our vision—all discussion focused on preservation of the institution with this unexpected “found” money. He noted that UUA presidential candidate Peter Morales has said that we don’t need management, we need leadership. Mike said that idea applies to our church as well—we need to focus on leadership and vision to become the church we want to be. If what we do focuses on preservation, we are

running a comfortable club, which is not what the members want. He said we should do something bold and exciting.

Matt noted that, following the town hall meeting, we need to decide as a board what we want to do about the matters discussed. A congregational vote is required to change the bylaw distribution. Thad noted that Bob Bacon, architect of the bylaw, suggested at the meeting that we should make no permanent change to the bylaw, but could temporarily repeal it to rebuild the reserves.

There was general discussion about legal issues involved if Wade and Wallace are entirely put into unrestricted reserves. Matt said he believes it is legal to use Gorham for non-elevator purposes. Stephen said he is hearing support for either a bylaw change or a capital campaign and he supports a capital campaign. He agrees with Mike's concerns about lighting a fire and doing something bold and exciting.

Nancy said the unrestricted fund is very low but the Wade and Wallace money should keep us financially sound for a while under the current bylaw distribution. The current bylaw will increase the contents of the operating fund.

Don said that we can't repurpose rules retroactively. We must follow the rules for those who have expressed interest in giving in the future to demonstrate to them that we will play fair and keep faith. There was extensive discussion of both Gorham remainder and bylaw rule changes. Stephen suggested we revisit this issue at our next meeting. The item was tabled until the next regular meeting by general agreement.

### **New business.**

1. Intern committee: Proposed resolution. done

2. Board size: Proposed bylaw change. The proposed bylaw change, distributed with the board packet, would reduce the size of the board gradually from 12 to seven members. The Carver method and small group ministry process suggests that the optimal size of a board is between eight and 12.

Stephen referred to his experience on several nonprofit boards of various sizes. He served on a board of seven members serving two-year terms and worked to change it to nine members with three-year terms, because of the need for institutional memory. Situations arose where new members had no history with the board and no memory of the organization. He thinks 12 is the maximum feasible size, seven members is too small, but nine members could work, with 3-year terms to ensure sufficient experience on the board at all times and reduce the turnover at each election. He noted how much work this board does with 12 members and said the same amount of work cannot be done by seven members.

Matt explained that when the 12-person board was established, the congregation was twice as large so there was a larger pool of potential members for the nominating committee to consider. At that time we also had a three-person executive team and a different governance model. Matt noted that UUA appears to currently prefer a seven-person board. Mike pointed out that the bylaws could be amended to permit the board to adjust its size and terms without requiring the bylaws to be changed for each modification. Thad suggested we change to a nine-person board with three-year terms,

particularly to ensure recruitment of sufficient qualified and enthusiastic members. Motion by Don to adopt the proposed motion distributed in the board packet reducing the board membership but modifying the motion to have nine members on the board instead of the seven-member board in the distributed motion. The motion amends the bylaws as follows:

Amend Bylaws Article IV, Board of Trustees, Paragraph A.

Current bylaw paragraph with changes ~~struck out~~ and new language underlined.

A. Composition and Qualifications. ~~There shall be twelve Trustees. Six Trustees shall be elected at each Annual Meeting for terms of two years which will commence the first day of July following the Annual Meeting. The number of Trustees shall be 12 through June 30, 2009; ten from July 1, 2009 through June 30, 2010 and nine beginning July 1, 2010. Four Trustees shall be elected at the Annual Meetings of odd-numbered years. Three Trustees shall be elected at the Annual Meetings of even-numbered years. All Trustees shall be elected for terms of two years which will commence the first day of July following the Annual Meeting.~~ Any Member in good standing may be nominated to the Board, except that a Member may not serve as Trustee for more than six consecutive years nor stand for election for a term that would extend service to more than six consecutive years. A Trustee shall hold office until the end of the calendar month when his or her successor is elected by the Members at the Annual Meeting following the expiration of his or her term, or until his or her earlier death, resignation, removal or disqualification.

Bill seconded the motion. The board discussed reducing the size of the board and whether to increase member terms from two to three years. The motion was approved by a vote of 5 in favor, 4 against, 1 abstention and the vice moderator not voting. Trustees voted as follows:

Carol Johnson yes  
Thad Smith yes  
Don Williams yes  
Bill Wise yes  
Claire Weber yes  
Ben Bear no  
Mike McGirr no  
Stephen Schwichow no  
Sonnie Willis no  
Tara Hernandez abstain  
Matt Fuller, acting moderator, not voting

Motion by Stephen to increase board terms to three years. Thad seconded the motion. The motion was defeated by a vote of 3 in favor, 4 against, 3 abstentions and the vice moderator not voting. Trustees voted as follows:

Stephen Schwichow yes  
Thad Smith yes

Claire Weber yes  
Carol Johnson no  
Don Williams no  
Sonnie Willis no  
Bill Wise no  
Ben Bear abstain  
Tara Hernandez abstain  
Mike McGirr abstain  
Matt Fuller, acting moderator, not voting

3. Nomination of Gini Courter for UUA Moderator. This proposal records the board's support for the nomination of Gini Courter for moderator of the UUA. This does not indicate that the board supports this candidate, but that the board supports this candidate's standing for office. The board has earlier supported the nomination of other moderator candidates. Motion by Ben to nominate Gini Courter in accordance with the form distributed in the board packet. Mike seconded the motion. The motion was approved by a unanimous vote of 10 to 0 with no opposing votes, no abstentions and the vice moderator not voting.

4. Bill Klingelhoffer email re John Marsh. Bill is concerned that recognition of Margot by her emerita designation seems to overlook John Marsh's service. Matt explained that the emeritus designation does not apply to an active minister like John, but Bill wants some kind of recognition for John. Claire suggested an article in the newsletter describing what John is doing now and expressing gratitude for his service and the board agreed.

5. Don explained the Rheiner award is for a member recognized for service in the greater community, not this church community. The Rheiner award committee is soliciting nominations as lots of members are working to make a better world.

### **Upcoming Events and Board Commitments.**

Jan 30 Saturday is Broadway sing along.

March 17 to 30 is photography for photo directory and online sign up will be available.

Don noted the Marin fund raising meeting is Saturday.

Feb 1 to 28 is homeless shelter here.

Joan Rost needs to know what the board will offer for silent auction. Matt said we will do a board dinner. Auction is March 8 and 15.

### **Appreciation.**

Peter and Denis for work on Christmas eve service, which was very well-attended with overflow in the chapel.

Jane noted the staff is appreciative of Christmas gifts from board.

Grace for financial review.

Nancy Buffum for work in Children's RE while Betty is gone.

Bill and Angie Wise for extra usher service, particularly Christmas eve.

**Good and welfare.**

Nothing new at this time.

**Closing.** Thad closed with comments from Pres. Obama's inauguration speech about responsibility and duties, noting that nothing is as satisfying as giving our all to a difficult task, the price and promise of citizenship.

**Adjournment.**

Matt adjourned the meeting at 10:20.

Final: Approved as corrected by Board February 17, 2009.