

Birmingham Unitarian Church
Board of Trustees
Meeting Minutes
October 28, 2024

Present: Donna Cunningham, Mary Jo Ebert, Keith Ensroth, Art Hillman, Claudia Kocher, Tanya Nordhaus, Brian Schandavel Diane Slon, Amy Smalley, Rev. Connie Grant

Visitors: Jane O'Neil, Cynthia Osterhage

The meeting was held on both in person and on Zoom.

Diane called the meeting to order at 7:05 PM. Amy read the Board Covenant.

Rev. Connie led the chalice lighting and check-in.

Minutes

- Tanya moved that the minutes of the September 23, 2024, board meeting be accepted.
- The motion passed unanimously.

Monthly Reports

1. Treasurer's Report – Keith
 - Amy moved that the Treasurer's report be accepted.
 - Keith presented the Treasurer's report (document attached)
 - Keith asked if \$8k in budget for fundraising will still hold for Revenue Committee. Tanya said the committee had met recently (she is the Board rep) and had not proposed any changes.
 - Mary Jo asked when we need the \$160k for building repairs. Keith indicated the spring-summer 2025 time frame for two roofs.
 - Tanya does not think a capital campaign is unreasonable. She does not like the idea of using Ann Throop's bequest, as she does not see it as a good use of Ann's money. She would like to see something named after Ann rather than repairs.
 - Mary Jo suggested we could borrow that money and then as part of an eventual capital campaign, replenish it for something that Ann would have liked more.
 - Diane commented that she sees Craig's wisdom in getting a strategic plan in place before a capital campaign, "borrow" from Ann as a bridge and then use the money for something else.
 - Claudia noted that roofs are long term and essential; they shelter us and keep us together. It is not a glamorous purchase but is really core.
 - Diane said that there would be \$30k left or that money from a capital campaign could be used to name something after Ann.
 - Donna asked if we have borrowed against the endowment. We have not.

- Art said he supports borrowing and paying it back with the idea that Ann contributed a safe harbor, and we kept her bequest intact.
- Mary Jo moved that we “borrow a portion of Ann Throop’s bequest to fund roof repairs in 2025 with the intention of potentially replenishing that via a future capital campaign. The motion passed with 8 in favor, 1 opposed.
- The motion to accept the treasurer’s report passed unanimously.

2. Minister’s Report – Rev. Connie

- Rev. Connie provided a verbal report only – no motion needed to approve.
 - Minister’s task of culling congregants who did not pledge has been suspended since 2021. She is hearing anecdotally that members are returning and that this is not a good year to reach out. Would like to suspend this for now.
 - Donna noted that people could formerly be a donor of record and be considered active.
 - Keith observed that membership has declined, so some culling must have been done.
 - Diane asked if we could gather more information before suspending culling.
 - Donna indicated that we need to check the constitution to see if “pledge” is the language to define active members.
 - Diane said she would work with Donna and explore this more with Valerie.
- Rev. Connie suggested we consider revising our bylaws to something that is easier to understand and implement. This would give us greater clarity and would delineate board and minister’s roles per the Hotchkiss model.
- Rev. Connie also suggested formulating a comprehensive policy document, to be approved by the Board, to put everything into a more intelligible format. Both the UUA and Hotchkiss have templates. This task is often done during interim ministries. Both could start in February if we want to act on them.
- Tanya asked if Rev. Connie will help us with a rewrite if we decide to do so. Rev. Connie said that yes, she would be happy to help and has done so several times in other ministries.
- Diane concluded that we would revisit this topic in the January meeting.

Open Topics

1. Town Hall Debrief – All
 - Tanya thought it went fine, no hard questions.
 - No other comments were shared.
2. November Town Hall – Diane
 - There is another event after worship on both 11/17 and 11/24 that precludes our having the November town hall on those days.
 - Our options are to move it to Nov. 10 or combine November and December town halls and hold it on December 8 after worship.
 - Everyone liked the second option.

3. Project Team Update – Mary Jo
 - Mary Jo will reach out to the Grosse Pointe UU church, which has a preschool leasing space in their building.
 - Other things moving along as outlined in the Town Hall.
 - Claudia asked if the preschool there is similar in size to Bloomfield Montessori. Mary Jo thinks it is smaller because she has seen the space.

4. Board Priorities Timing Update – Diane/All
 - Strategic Planning Task Force – November Meeting
 - Balanced Operating Budget Presentation – November Meeting (Executive Session)
 - Ministerial Search Education – December Meeting
 - Bylaws and comprehensive policy document – January Meeting

New Topics –

1. Stewardship Committee Presentation – Bob Clement, Jane O’Neil
 - Bob shared the parable of the brick layers as a metaphor for building community, Building a New Way.
 - The team plans to have a “building” slogan for Stewardship theme this year.
 - Bob shared the idea of leadership donations as a standard strategy in fundraising. Invite major or potentially major donors to commit to an amount collectively before the pledge drive kicks off. Major donors, board, stewardship, and others create a collective gift that could be used to kick off the pledge campaign. Show the congregation at large what has been given to create some strength to the culture of generosity. No one person’s gift is mentioned specifically. This is a viable way to get the campaign started.
 - Keith, Donna, and Mary Jo noted that this has been done for capital campaigns but not for Stewardship.
 - Mary Jo expressed a concern that this approach may suggest that to be a board member, a larger pledge is expected. We want people to feel the Board is open to anyone.
 - Keith noted that over half the congregation covers only 20% of the pledge drive. Will this approach incentivize and encourage generosity?
 - Amy shared a concern that we cannot assume that everyone in leadership can afford to be a large pledge unit. It sets an awkward expectation for our current leadership.
 - Rev. Connie shared that she has seen it done and that it often creates more resentment than generosity. Some people perceived that financial donations were the only thing that mattered, that time and talent did not matter as much as treasure. Money/time is not a true either/or but sometimes it seems to people that that is how things are valued.
 - Jane said she has similar concerns to those we shared. We need an impressive number to start with, but she is fine with not taking this approach.

- Diane said this approach works well for a capital campaign, that it makes more sense there.
 - Bob noted that the strategy has been used in many organizations, but he and Paul wanted to check with the Board first.
 - Mary Jo shared that she likes that Stewardship is considering a theme that dovetails with Building a New Way.
 - Jane indicated that the team has been working on time/talent/treasure and building community. They want to focus on ways that people build community: showing up, being at coffee hour, weeding the garden, committee work, etc. All contribute as much as the pledge drive to building community.
 - Rev. Connie asked how the stewardship target gets generated. Some churches lead with stewardship or with budget.
 - Keith responded that we put out an amount that we think we can achieve. We have ended up with a deficit that we fix somehow. Stewardship does not tie into adequately funding the church; he thinks we should lead with the budget. Other churches set the budget based on the programming they have now. If they do not receive it, then they tell the congregation what cuts will happen as a result. Usually, they get the money they need.
 - Rev. Connie noted that we must come up with a balanced budget.
 - Diane proposed that we continue to discuss this next month.
 - Tanya noted that we have said in town halls that we need a balanced budget.
2. Personnel Committee – Diane/Jenn Karteczka
- Diane asked Jenn how the committee was doing and whether a reboot was needed.
 - Jenn shared that toward the end of the year, Andrew was going to get new members. Jenn proposed names, but there were conflicts with one of the proposed names with a member of the staff. Art and Marilyn had extended terms; Jenn is in her 6th year. Both Jenn and Sharon are minister appointments. They need members nominated from the Board. If it is a Board member, even better, as it connects the committee to the board.
 - Diane responded that Donna Cunningham has agreed to be part of Personnel as a Board representative. Connie would need to appoint someone to replace Jenn.
 - Jenn said she would like to have some additional members, but that depends on their role over the next couple of years. The committee finished a personnel manual update and the agreement for the Dearings. If the Board wants to check governing policies, the committee is on board with that. But they typically do HR-type duties.
 - Keith noted that recruiting additional people now would be good for when others transition off the committee.
 - Diane indicated that it would be both ad hoc and assigned tasks. She proposed a meeting to see what might be needed.
 - Jenn noted that Personnel had been a committee of the minister. Now they are a committee of the board and do not have much direction. They want that direction, as they are currently more reactive/supportive than proactive.

- Connie asked if having Personnel report to the Board is the most effective arrangement. Should they be a committee of the minister? Some personnel committees have been advisory committees to the minister.
- Donna agreed with Connie, as this is how it is done in policy governance. Ownership of the committee is as important as the tasks.
- Connie confirmed that Hotchkiss is a partnership model and that we should look at where the committee best belongs.
- Diane proposed having the discussion in early 2025.
- Jenn asked if there are performance or comp review that need to occur before early 2025. Rev. Connie replied that since she just got here, that timeframe is not likely.

Issues Arising for the Good of the Church

1. Claudia shared that the strategic planning group met and is getting back up to speed. They would like to meet with the Board in November or have a special session in November. Diane: >20 minutes should be outside of Board meeting. Donna: this is an ad hoc group, not the committee. This group will present a path forward; then a committee gets formed.
2. Amy asked whether meetings would move to Zoom-only format for November – March as we had done last year. The Board decided to meet in person in November, TBD for December and beyond.

Visitor Comments/Questions

1. Cynthia: Make it so Zoom visitors can see what is going on.

Keith moved to adjourn. The motion passed unanimously, and the meeting was adjourned at 8:25 PM.

Respectfully submitted,
Amy Smalley, Secretary

Treasurer's Report

SEPTEMBER 2024

KEITH ENSROTH

Highlights For the Month

(See Next Slide)

Other Fundraising

Non-Pledge Contribution

Bequest

Total Minister Expenses

Overall Budget Deficit

Upcoming Deficit Increase

Birmingham Unitarian Church FY 24/25 MTD & YTD Financial Statements 3 Month Endings - September 30, 2024

	F/(U)			F/(U)			Budget	
	Actualx MTD Sep-24	Budgetx MTD Sep-24	Variance	Actual FY 24/25 YTD Sep-24	Budget FY 24/25 YTD Sep-24	Variance	FYE Jun-25	3 + 9 FYE Jun-25
OPERATING REVENUES:								
PLEDGES - PRIOR YEAR	1,280	5,000	(3,740)	6,785	15,000	(8,215)	15,000	15,000
PLEDGES - CURRENT YEAR	30,258	36,375	(6,117)	140,594	116,205	24,379	430,000	430,000
PLATE COLLECTION	2,627	2,500	127	7,539	7,500	39	30,000	30,000
MEMORIAL GLEN	0	0	0	950	0	950	700	700
SPECIAL MUSIC	0	0	0	0	0	0	2,500	2,500
CoA, <u>net</u>	0	0	0	(82)	0	(82)	1,700	1,700
GUUSH, <u>net</u>	0	0	0	0	0	0	950	950
SCRIP, <u>net</u>	258	117	139	475	350	125	1,400	1,400
RUMMAGE, <u>net</u>	30	0	30	60	0	60	17,000	17,000
OTHER FUNDRAISING	0	2,150	(2,150)	715	2,150	(1,435)	8,600	8,600
COMM. FOUND. SE MI DRAW	0	0	0	0	0	0	38,403	38,403
GEN. ENDOW. ANNUAL DRAW	0	0	0	0	0	0	24,042	24,042
RENTALS	4,082	4,167	(85)	13,871	12,500	1,371	50,000	50,000
OTHER INCOME:								
ERTC	0	0	0	0	0	0	0	0
Non-Pledge Contribution	20	500	(480)	4,270	500	3,770	5,000	5,000
Bequest	0	0	0	192,000	0	192,000	0	0
Reimbursements	0	10	(10)	0	10	(10)	25	25
Newsletter Ads	0	0	0	0	0	0	0	0
Green Sanctuary, <u>net</u>	0	0	0	0	0	0	0	0
UFO - Other, <u>net</u>	0	0	0	0	0	0	0	0
UFO - Bake-Off, <u>net</u>	0	0	0	0	0	0	0	0
RE - Scholarships, <u>net</u>	0	0	0	0	0	0	0	0
Emerging Needs	0	0	0	0	0	0	0	0
MAMA'S Coffee House, <u>net</u>	(17)	222	(239)	(17)	222	(239)	2,000	2,000
Art Committee	0	0	0	0	0	0	0	0
Coffee Hour Supplies, <u>net</u>	67	(133)	200	(490)	(400)	(90)	(1,600)	(1,600)
Building Projects	0	0	0	0	0	0	0	0
Sunday Flowers, <u>net</u>	0	10	(10)	0	60	(60)	(150)	(150)
Social Justice Discretionary	0	0	0	0	0	0	0	0
Memorial Glen Endowment Draw	0	0	0	0	0	0	2,300	2,300
Memorial Tributes	300	0	300	440	0	440	0	0
Communities United WHRC	0	0	0	0	0	0	0	0
General Endowment Income	50	0	50	965	0	965	0	0
Music Endowment Income	0	0	0	0	0	0	0	0
420.999 Desig Inc trf to Payabl - <u>excl.</u> Cap Camp '14	0	0	0	0	0	0	0	0
NET REVENUES:	38,932	50,917	(11,985)	368,065	154,097	213,968	625,870	625,870
OPERATING EXPENSES:								
TOTAL DESIGNATED EXPENSES:	2,708	2,600	(108)	8,971	8,050	(921)	33,500	33,500
TOTAL RELIGIOUS EDUCATION:	4,964	5,189	225	14,361	15,568	1,206	62,314	62,314
TOTAL OFFICE / FACILITIES STAFF:	18,020	18,999	980	53,622	55,997	2,375	228,489	228,489
TOTAL MINISTER EXPENSES:	11,481	20,008	8,527	28,995	34,516	7,521	167,295	171,663
TOTAL FELLOWSHIP / FUNDRAISING:	540	1,167	627	873	2,000	1,127	10,200	10,200
TOTAL FACILITY & OFFICE:	7,870	12,916	5,047	34,188	35,400	1,212	149,200	149,200
IST MERCHANT DEBT SERVICE - INTEREST	2,022	3,200	1,178	6,023	9,600	3,577	38,400	38,400
DEPRECIATION - BUILDING	1,667	0	(1,667)	5,001	0	(5,001)	0	0
TOTAL OPERATING EXPENSES:	49,269	64,079	14,810	150,034	161,129	11,095	688,398	692,766
OPERATING INCOME	(10,337)	(13,162)	2,825	218,031	(7,032)	225,063	(62,528)	(66,896)

Highlights For the Month Explained

Other Fundraising: The Budget and Finance Committee decided to keep the forecast aligned with the budget. The shortfall may be just timing, but we should probably check with the Revenue Committee to see if the budget for the year will be achieved.

Non-Pledge Contribution: It seems too early to raise the forecast based on a larger than normal contribution.

Bequest: We have decided that we will not use bequests to fund the operating budget. We will discuss this topic further on a later slide.

Total Minister Expenses: Reminder that this is the only currently forecast addition to the deficit due to failure to incorporate Rev. Eric's July insurance premiums.

Overall Budget Deficit: \$66,896, greater than the budgeted deficit by about \$4K.

Upcoming Deficit Increase: The new UUA pension plan will start in October. This will increase our cost for several of our employees. Valerie will provide an analysis as part of next month's budget review.

Montessori School and Facility Pro Forma

Item	24/25	25/26	26/27	27/28	28/29	Notes
Montessori Lease	\$ 13,244	\$ 82,448	\$ 96,559	\$ 99,456	\$ 102,439	Assume Jan 1, 2025 start date
Potential loss of rental and rummage income						Given that the \$8K in potential lost revenue will be made up by no longer needing to set aside \$9K/year from the operating budget, we'll count this as a wash to simplify planning and tracking.
Cap campaign, adnl lease, or Throop bequest	\$ 11,756	\$ 94,320	\$ 53,441			Additional money needed over and above revenue from Montessori school
Net from facility funding sources	\$ 25,000	\$ 176,767	\$ 150,000	\$ 99,456	\$ 102,439	
Facility Reserve needed	\$ 25,000	\$ 176,767	\$ 150,000	\$ 150,000	\$ 40,000	24/25 reserve of \$70K is already funded; additional needed to prep facility 25/26 Facility Reserve will also be used to pay \$26,767 commission to SA 28/29 revenue greater than need could support operating budget
Running total needed	\$ 25,000	\$ 201,767	\$ 351,767	\$ 501,767	\$ 541,767	
Running total forecast	\$ 25,000	\$ 201,767	\$ 351,767	\$ 451,223	\$ 553,663	Assume some of 27/28 work can be deferred until 28/29

- How do we account for lease expenses (~\$25K?), that is, the cost of what we are doing to enable the school to operate?
- How do we fund the \$160K additional money needed to get us through the facility backlog?
 - Cap campaign, adnl lease, or Throop bequest

Accounting For Lease Expenses

Our accountant has recommended that we amortize the lease expenses, including the projected \$25K of work we'll need to do before they arrive.

We should be able to do likewise with the \$26,767 commission that we'll pay Signature Associates at the end of the first year of the lease.

While this doesn't save us anything from a cash perspective, it spreads the cost over the five-year period, preserving the operating budget by pushing out the costs to years when we will be receiving higher income from Bloomfield Montessori.

Once the lease is signed, we'll update the overall budget and future projections.

Funding the Additional \$160K

Board Decision Needed

Capital Campaign - this option has a few challenges in my mind - first, we are in the middle of trying to restructure our finances and get ourselves out of a series of deficit budgets, and it doesn't seem like an ideal time to be conducting a capital campaign when the strategic direction of the church hasn't been fully developed. Also, we know that a number of congregants would like to see a capital campaign that would target solar panels as the key reason for raising the funds, and it's not clear to me that now is the right time to be adding solar panels to our facility with all of the competing needs of the property. Finally, it could turn out that the optimum timing for conducting a capital campaign would not generate the funds by the time they are needed for facility repairs or replacements.

Find an additional tenant to generate additional income to bridge the gap - similar to the capital campaign alternative, it feels premature to move in the direction of an additional tenant that would further limit the availability of the facility for BUC programming needs when we don't yet know our strategic direction and we don't yet have experience operating BUC programs alongside the Montessori school.

Use the Ann Throop Bequest - clearly BUC was very important to Ann, as she left a significant bequest to the church, and using those funds to help us bridge the facility needs gap is a big step in ensuring that we can get to the point where we can have a sustainable financial model. As such, this seems like the most appropriate solution, and the funds are immediately available.