

**Unitarian Universalist Church of Berkeley Board of Trustees Meeting
Wednesday, November 2, 2022**

Meeting Conducted via Zoom Video Conference

Minutes – Approved

ATTENDEES

Voting members: Bill Brown, Pier Ho, Randall Hudson, Elaine Miller, Beth Pollard, Cordell Sloan, Helen Tinsley-Jones

Absent: Michael Armstrong, David Roberts

Ex officio members: Rev. Michelle Collins, Tess O’Riva (Executive Director), Selene Fabiano (Secretary), Lenore Ralston (Treasurer)

Visitors: Suzette Anderson-Duggan, Michael DeWitt, Karen Elliot, Jean Gleason, Lynn Hammond, Suzanne Healy, Carolyn James, Don Klose, Albert Kueffner, David Lingenfelter, Jane Lundin, Ladie Malek, Anita Mermel Larry Nagel, Luana Pohlman, Melissa Rosales, Ariel Smith-Iyer, Marta Tobey, Grace Ulp

A quorum being present, the meeting was called to order by Beth Pollard, president, at 7:04 p.m. Selene did the chalice lighting and reading, Cordell read the UUCB covenant, Randall read the land acknowledgement, and Elaine read the Widening the Circle Vision Statement.

CONSENT AGENDA

A motion for the following consent agenda with the exception of the Treasurer’s Report (M_Helen_/S_Pier_) passed unanimously:

- Approve agenda
- Approve Board Meeting minutes of the 10/5 and 10/20/22 meetings
- Accept monthly Treasurer’s report
- Approve Finance Committee recommendation for Board Governance Manual provisions on authorized account signatories

Further discussion of the Treasurer’s report was requested to address the need to set a schedule for regular audits. Currently the policy outlined by UUCB’s bylaws conflicts with the policy in the Governance Manual. There is also a need to provide clarification regarding the roles and responsibilities of the Audit Committee versus those of the Finance Committee.

Randall explained that the Bylaws committee made some changes to the language regarding the frequency of audit reviews when the bylaws were revised last year, without realizing that there was language in the Governance Manual pertaining to this topic. Randall suggested that the matter of audits be reviewed. He proposed removing the requirement of exchanging financial books with another UU organization as it hasn't yielded much benefit and is burdensome.

It was decided that this topic merits further thought and discussion. Beth suggested this topic be put on the agenda for a subsequent board meeting and encouraged members of the Audit committee and Finance Committee to have informal discussions prior to the board discussion.

Pier made a **motion to accept the Treasurer's Report**. Randall seconded. **The motion passed unanimously with no abstentions.**

INFORMATION ITEM

Minister's Report: Rev Michelle

1. Rev. Michelle reported that there has been no new substantive information from Sonoma County regarding permitted uses for Freestone. The Sonoma County Planning Department had estimated it would take 4 weeks before they would provide feedback. Rev. Michelle will keep the board informed regarding any feedback from Sonoma County.
2. Rev. Michelle reported that she connected with other interim ministers at a conference for interim ministers, and gained some valuable insights.

LISTENING

Announcements:

A dedication ceremony for the new Black Lives Matter banner will be held on Sunday 11/6 directly after the service. A short program will include spoken word and singing.

The LFDMC will discuss "Braiding Sweetgrass" on November 13th.

The "Beyond Categorical Thinking" Workshop will be held on Saturday November 5th from 9AM-12, both in-person and on Zoom.

Congregants who wish to speak to the Board: None

DISCUSSION/ACTION ITEMS:

- a. Acceptance of Fiscal Year 2020-21 Financial Report and Audit.

Randall thanked Tess, UUCB staff, and Lenore for their herculean efforts regarding the audit. He also thanked Suzanne Healy for her hard work and patience.

Suzanne Healy from the auditing firm Healy & Associates provided the following brief summary of the audit results:

1. One formal recommendation was made regarding improving record retention.
2. There were a few informal recommendations related to checks and balances.
3. No instances of illegal acts or fraud were uncovered.

Ms. Healy recommended that UUCB do a compilation or internal audit every year and not take a “year off.” She also stated that formal external audits with an auditing company are not legally required for religious organizations and are usually done by churches only if there is a specific reason (e.g. a change in management, need for assurance).

Next steps:

Ms. Healy needs an email indicating that the Board of Trustees has accepted or approved the audit report.

Tess will send the full report to the congregation

Pier made a **motion to accept the 2020-2021 Financial Report and Audit**. Helen seconded. **The motion passed unanimously with no abstentions.**

b. Ministerial Search Committee (MSC): Update on the MSC’s process and progress, report on its findings and discernment to-date to inform Board direction on ministry type and search route - in light of late November submittal date for settled minister search through the UUA, and mutual expectations on communication with congregation.

The MSC provided a PowerPoint presentation, available on the UUCB website that outlined their recommendations, the rationale for their recommendations, and some preliminary results from the MSC survey responses.

MSC Recommendations

- Continue with the UUA settled ministry search, and if that is unsuccessful, explore a contract ministry search.
- Recommended against contracting a non-UU minister.
- Recommended against a parallel search for a settled minister and for a contract minister.

Rationale for Recommendations:

- UUA search process is very well-developed, has a robust vetting system, offers a pool of references available to the MSC, and all the candidates have ministered within a UU framework.
- Results for the MSC survey & focus groups does not indicate congregational desire for contract ministry
- The pool of contract ministers is quite slim and churches searching for contract ministers have had low success rate.
- A parallel search could cause confusion and mistrust among the congregation and might diminish interest from applicants

The MSC provided timeline for next steps.

Board Discussion & Questions

What happens if candidate is not found? The MSC recommend that the board could pivot to a contract ministry search if candidate pool doesn't meet our needs or match fails through both rounds

Why is doing a parallel search a problem? Rev Michelle shared her view that ministerial applicants are sensitive to trust, anxiety, and authority issues within a congregation. If she were a candidate and saw that a congregation was looking outside the UUA for candidates it would signal to her that the congregation was very anxious and didn't trust the UUA settled minister search process.

What did you learn from the "UU World" article about non-traditional ministers? UU's have trouble with interfaith dialogue within the context of their own church and it is hard for some more traditional/orthodox churches to work with UU's. UU ministers who took positions in non-UU churches often did for geographical reasons. Non-UU ministers have been more successful as Directors of Family Ministry than as the Senior Minister.

How much honest information is shared in the reference checks? Are we likely just to get a sanitized view of the candidates? Rev Michelle shared that the issue of sanitized references is a real concern, the UUA has been discussing this, and there has been some progress on this issue.

Helen made a **motion to recommend that the Board accepts the MSC's recommendations which includes continuing with the UUA settled search process for a called minister, and if 1st round is not successful, the MSC will return to the board to talk about next steps** which could be contract or

Elaine seconded. **The motion passed unanimously with no abstentions.**

The board thanked the MSC for their very thoughtful and comprehensive presentation and hard work.

Communication with the congregation: Beth clarified with the board that when board members communicate about the ministerial search we rely on the MSC's communication rather than any independent communication from the board.

c. Cope Ministerial Housing Fund: Guidance for its use for UUCB's next minister

Beth explained that the MSC needs to get direction from the BOT regarding what the MSC can share with candidates regarding the Cope Ministerial Housing Fund.

The following issue has been raised: Would the board authorize expanding the use of Cope Fund for rent or mortgage payment? Are there upfront parameters for a Cope Fund loan for home purchase?

The Cope Fund Task Force was formed this summer to address this issue. Task Force member Jane Lundin was present and also provided information.

Background Information and Current Context was provided

The Cope Fund was established to grow a revolving fund that would help meet the housing needs of UUCB's future ministers by acquiring equity in housing purchased by the UUCB minister.

Expanding the use of the Cope Fund to support a minister who does not buy a house is being considered due to the following reasons:

- The high cost of housing in the Bay area
- Trend toward shorter minister tenures
- Address equity issues (not all ministers have the financial resources for a down payment)
- Renting is more attractive to some ministers than home ownership for a variety of reasons

Discussion on the issue of using the Cope Fund for subsidy of rental or mortgage payments

The following advantages to UUCB were identified:

- No UUCB capital investment risk in real estate (i.e. declining market)
- Less complexity, intrusion, & complications in relationship with minister
- Communicates we are aware of the challenges of Bay Area housing prices & are willing to expand flexibility

- May attract a minister not otherwise interested if housing support is only limited to purchase
- Housing costs are at the top of candidates' concerns

The following concerns/disadvantages to UUCB were named:

- Depletion of the fund and/or decrease in the growth of the fund by not investing in real estate
- Are we honoring the intention of the fund's donor?

The following ways to address the disadvantages were suggested:

1. Limit the housing subsidy to a set percentage of the fund (e.g. 4-5%) to preserve the fund's capital, similar to disbursement of UUCB's Endowment Funds.
2. Talk with the congregation about changing dynamics that has led to the idea of expanding how the Cope Fund is used.
3. Initiate a program to encourage bequests of homes in estate planning that could be used as a parsonage for future ministers or to provide rental income to support minister housing.

Any limitations that would prevent UUCB from using the Cope fund for rental subsidy?

Language dictating how the fund must be used was not written into the deed. UUCB does want to uphold the integrity of donations while recognizing that times can change. The intention of the Cope Fund was to support ministerial housing.

Would there be a time limit for how long UUCB offers the housing subsidy? There was a strong feeling that it would be important to provide a steady, consistent subsidy with no cut-off, provided the subsidy doesn't deplete the fund.

What happens if there is a big downturn in the market and the fund loses a lot of its value?

One suggestion was to put the money in a stable investment such as a CD so we can have a more stable fund.

Are there income tax implications for the minister if they are given a housing subsidy?

Rev Michelle stated that currently IRS rules related to clergy housing allowance protects the subsidy from federal income tax. These rules are not the same for state income tax.

Who will be negotiating with the ministerial candidate around salary and benefits (including financial support for housing)?

A member of the MSC, a board member and a member of the congregation would form the negotiating team. The negotiating team would get direction from the Board.

Pier made the following **motion: That the board authorizes the use of the income from the Cope Fund to be offered to future settled ministers as a housing subsidy. Specifics to be determined later.** Randall seconded. The motion passed unanimously, with no abstentions.

A second issue pertaining to the Cope Fund was discussed: Whether to continue allow the Cope Fund to acquire an equity share in a home purchase by a minister (vs. using the fund for a mortgage subsidy). Beth noted that there was a difference of opinion about this issue among the members of the Cope Fund Task Force.

Discussion

The following advantages and disadvantages of using the fund for an equity share were identified:

Advantages

- Down payment assistance may be attractive to a ministerial candidates who may be selling an existing home and needs to reinvest for tax purposes
- Would help the fund to grow in pace with real estate market

Disadvantages

- Average minister tenure is now 4 years; if the minister leaves during a downturn in the market, UUCB could lose a lot of money. (An alternate opinion was that this risk could be mitigated if the agreement was structured well.)
- Puts a lot of capital at risk
- Housing market appreciation over time isn't that different than the stock indexes (there was some disagreement about this).
- If the minister does not have a down-payment and doesn't stay very long, UUCB may lose money as a result of expensive closing costs.

The following options were suggested:

- Minimum down payment requirement (so UUCB is not holding all the risk)and/or
- Minimum tenure with UUCB. Maybe after 2 years have another conversation with minister

Randall made the following **motion: UUCB will remove the housing purchase equity share option from use of the Cope Housing Fund.** Elaine seconded. There was further discussion. Helen called the question. Vote: 1 yes (Randall), 3 opposed (Helen, Pier, Beth), 3 abstentions (Bill, Cordell, Elaine). **Motion failed.** Need for further discussion was highlighted.

Cordell **made a motion for the board to hold an emergency meeting in November, invite Jane Lundin and Linda Laskowski to discuss the issue in Randall's motion.** No second.

The Board thanked the Cope Fund Task Force for their work and presentation.

BOARD COMMITTEE MEMBER/LIAISON REPORTS

Elaine submitted written reports on the Widening the Circle Committee and the Music Committee subsequent to the meeting, for information purposes.

Respectfully submitted,

Selene Fabiano, Secretary

UPCOMING EVENTS AND BOARD RESPONSIBILITIES

November Listening Presence: Elaine

December Listening Presence: Dave

Next Board Meeting: 12/7/22