



Foothills Board of Trustees Meeting Monthly Meeting Minutes

August 16, 2018

Board Members in Attendance: Ed Beers, Sara Steen, Sue Sullivan, Cheryl Hazlitt, April Undy, Brendon Mahoney, and Glenn Pearson. **Other Guests:** Patrick Murphy and Sean Neil-Barron

6 pm Opening & Chalice Lighting by Sean and check-in by all

Year End Financial Report:

Patrick Murphy, interim administrator, presented the year-end financial summary and endowment update. His work this year was spent bringing Foothills' accounting and bookkeeping practices into accord with our own policies and generally accepted practices. The church and its separate Endowment Fund both transitioned from cash basis accounting to an accrual basis, as recommended for the size institution that we are.

Wishing to leave Foothills with clear and reconciled balance sheets, Patrick spent his final weeks as our interim administrator removing closed accounts from our books and using his experience as an auditor to prepare the church for an eventual formal audit required by commercial lenders, as we seek a mortgage in the near future to fund part of the cost of our building expansion. Regular audits are also part of our policy and have not consistently occurred.

He found no evidence of any financial misconduct or mismanagement, but he did find haphazard accounting practices in places (likely due in part to the transition from internal to external bookkeeping with the departure of the former church administrator), and inconsistent accounting of the Endowment funding, which was moved to the UUA's Common Endowment Fund in 2005.

Using forensic accounting skills and his experience as an auditor, he reconstructed donations and earnings for the endowment fund over the 13 years since the move to the Common Endowment Fund and is confident that he has correctly and fully separated the Endowment's earnings from its donations. Of the \$308,000 in the Endowment fund, approximately \$56,600 is earnings.

Typically, when institutions establish an endowment, the donated funds are intended to be restricted and not spendable. Our Endowment policies however, are somewhat unclear on this point, and he recommended that Foothills' Endowment committee clarify them (the Endowment Committee is a separate entity in the church's governance structure, reportable only to the congregation at large.)

Endowments commonly make some portion of the income earned from donations (the so-called restricted funds) available to spend. In Foothills' case, the Endowment Committee's policies allow up to 5 percent of the total value of the account to be spent out of the accumulated earnings in any given year.

Pat concluded his report by indicating that Foothills was in relatively good shape financially, though the 8 percent cash reserves we have is less than the 10 percent that is our goal, and for a growing church like ours, an even higher amount is preferable, so that we have both an operating reserve and a growth reserve that can be tapped to take advantage of opportunities that would support our future growth and our mission. He did identify that beyond this current fiscal year, our budget will need to grow another \$50,000 just to maintain current staffing and spending levels.

Consent Agenda:

1. July 12 minutes
2. Board Covenant for 2018-19
3. Minister's Monthly Report
4. Carry over items

Sara requested that the minutes from the July 12 Board meeting be pulled off the consent agenda so that several minor details could be corrected.

Cheryl moved to approve the consent agenda minus the minutes, Glenn seconded. Motion passed.

After making several wording changes, April motioned to approve the minutes as amended. Brendan seconded. Motion Passed.

Review Board Goals

The four goals the Board of Trustees agreed to focus on this year at our annual retreat August 3-4 were:

-- Articulating our vision and values through facilitated conversations with the congregation, so that the board can discern the congregation's deepest hopes and wishes for our personal and collective growth and impact, and set clear 5-year goals for Foothills out of this.

--Developing the Space Charge (the Board's direction and limitations to the ministry team that will pursue the church expansion project) and launching the capital campaign that will fund it.

--Assessing congregational readiness and then convening the congregation to vote on whether we wish to call Sean Neil-Barron as our settled minister and to enter into covenantal relationship with him as a congregation. Calling a minister and the covenant between a called minister and a congregation are two of Unitarian Universalism's defining spiritual practices. Sean is currently a hired minister, on a contract, reporting to Gretchen Haley.

--Our final goal is more intangible but, we feel, no less important to the long-term health of our beloved community. We will seek to live into our bold leadership role with our current and future people.

In reviewing these board goals, we agreed that the work of Restoring Wholeness in our congregation following the revelation of past ministerial misconduct should fall under the final goal of "living into our bold leadership with our current and future Foothills congregations."

Space Charge

A preliminary charge from the board to the Space Team was reviewed. Under the recently adopted large-church, policy-based governance structure, the Board of Trustees is now responsible for governance and setting desired goals and impacts for Foothills, while the ministry side of the structure is responsible for developing and pursuing the means to achieve those ends.

When the Board of Trustees' Space Committee finished its work in June and determined that expanding the current church campus was the best choice for expanding Foothills' capacity, that committee handed over the project to the ministry's Space Team to enact the expansion project. As part of that hand-off, the Board's final task was to develop a charge to the ministry's Space Team that provides guidance on the scope of the work that the ministry side is to undertake and the specific degree of oversight that the board wishes to maintain.

The board agreed to amend the proposed scope of work to add a line about developing and maintaining a detailed building campaign budget and to add a monitoring requirement of quarterly updates or as requested by the Board of Trustees, and to add that the board was to approve both the construction budget and any project hiring decisions that would extend across more than one church fiscal year

April moved to approve the charge to ministry regarding future space as amended. Ed seconded. Motion was approved.

Charge to Ministry regarding Future Space

BoT approved August 16, 2018

Vision statement

We envision a transformation of our location that supports and celebrates our mission to unleash courageous love in Northern Colorado and beyond.

Scope of work

The Board asks that the ministry engage in the following work to achieve this vision:

- Identify key stakeholders (including but not limited to BoT, staff, and congregation)
- Develop and implement communication/engagement plan with key stakeholders
- Formulate options to address space requirements and constraints; design and implement process for sharing options with key stakeholders; present a design recommendation to the Board
- Coordinate with the Finance Team to initiate a Capital Campaign to raise required funds
- Create and maintain high level work plan to coordinate building work
- Develop and maintain detailed building campaign budget
- Guide building process to completion

Monitoring

The Board asks for at least quarterly reports (or as requested) from the minister regarding the progress of the capital campaign and the building process.

Key limitations

Board approval will be required for the following scheduling decisions:

1. Timing of a congregational vote to launch a capital campaign
2. High-level construction scheduling (start date, anticipated end date)
3. Transition timing (when we will need to be out of our building)

Board approval will be required for the following hiring decisions:

1. Architect
2. Capital campaign/fundraising consultant
3. General contractor
4. Any other top-level position that spans fiscal years

Board approval will be required for the following building decisions:

1. Design plan
2. Any building design decision that necessitates a deviation of more than 1% from the budget

Committee Updates

No updates from the nominating or finance committees. April reported that the governance committee is working on updating church policies in reference to marijuana usage and vaping, and researching what other churches have set as policy in states where marijuana has been legalized. The board directed the governance committee to draft a policy recommendation that would prohibit the possession of drugs that are illegal at the federal level, including marijuana,

and that expands the no smoking policy to include vaping, because of second-hand exposure uncertainties.

Monitoring Schedule for Ministers

Glenn and Cheryl agreed to work on a proposed monitoring schedule based on Gretchen's sample schedule (addressing frequency of various ministry reports, policy compliance reports, financial statements, stewardship reports, and handbook reviews) that is included as an appendix in the Foothills Board Policies Handbook of May 2018.