

First Religious Society Parish Board Meeting – January 18, 2022

Call to Order Holly Cashman called the meeting to order at 6:05 PM.

Attending Rev. Rebecca, Rob Authier, Anne Katsas and Barbara Garnis (for discussion of Swasey Orphan Fund), Leslie Lawrence (for salary discussion), CB Beal (for gender work), David Livingstone, Ministerial Intern, **Holly Cashman, Tina Benik, Juliana Beauvais, Lucy Litwin, Vern Ellis, Micah Donahue, Jim Supple, Tim Fountain, Kathy Desilets, Michelle Kimball, Renée Wolf Foster** (Note: **Names in Bold are voting members**)

Not Present: Annie Maurer, Minnie Flanagan

Check-in/ Opening Reading and Welcome - Reverend Rebecca opened the meeting with a chalice lighting and led a brief meditation.

New Business

Swasey Lawsuit Update

Anne Katsas, an FRS member, with others initiated legal work to broaden the definition of use of funds included in the Swasey Orphan Fund. This legacy donation from William Swazey made in 1911 was designated to support orphans in Newburyport. By the 1950's there were no requests from orphans, but many needs identified for low-income children who lived in single families, foster care, or other situations. The law states if a restricted fund cannot be used as designated, it can be redefined to be used in way that is close to the intent of the donor. Anne K. worked with the AG's office to prepare a report to the court asking that the Orphan fund be redefined to allow the use of funds for low-income children who do not live in two parent families and, if funds allow, to extend use of the fund to children in surrounding towns after meeting needs in Newburyport. On initial review, the judge asked for more information and an in-person hearing. Anne's legal work was in non-profit agencies, and she has a new job and therefore feels she is not the best person to execute this work. Elizabeth Reinhart is willing to do this work. While Anne did her work pro bono, Elizabeth, who has specific expertise and is not an FRS member, can adjust the court documents to meet the request of the court for more information and can make an appearance at the hearing on behalf of FRS. A letter of engagement with Elizabeth is in place. Anne K., Rob, and Barbara Garnis who have worked on this issue feel that it is close to resolution. The judge requested added information (a 5-page document) by March 5 and there will be a hearing shortly thereafter. Rev. Rebecca and the Board extended thanks to those who have worked very hard to free these funds for a more appropriate purpose. Covid could delay the conclusion as courts are still backed up. Rev. Rebecca reminded us to celebrate the victory which will allow us to use these funds.

HR Subcommittee salary recommendation (Report in Board Package)

Jim, as Board representative, began the report, acknowledging Leslie's long-term work on this project. As background, Jim reminded us that we are committed to be a fair compensation church. The UUA recommends that we target salaries at the mid-point of their range for each position based on the size of the church, with consideration for the local rates of inflation to allow us to keep up with the cost of living. To meet those conditions, the

committee is recommending a 6% across the board increase for all staff. This should keep us at mid-range for a mid-sized church in our geographic area. The committee was looking at the 2021 UUA recommendations as they did not have the 2022 recommendations when the current recommendations were prepared. Committee found that the current inflation for our area is at 6%. At this point, our budget is aspirational and last year the board was able to meet the committee recommendation. We are on the verge of becoming a large church (when we reach 500 members) and there is a recommendation to increase Rev. Rebecca's salary when we are at that level. While we do not currently have 500 members, we have well over 400 and in addition we have 113 friends who pledge. A question this raises is the degree of effort needed to support friends who are not members. If the midpoint of the range has shifted in the new UUA guidelines, we should go back to increase salaries as needed. The proposed increase in salaries is a heavy lift – over 28% increase in salary due to changes in positions, etc.

Topics raised in discussion included:

- Some salaries seemed high for the hours worked. Committee members explained that positions are pegged to specific job descriptions in the UUA.
- In the past, we have not done merit increases but done across the board raises. We are aiming for trying to do 6%. In the past, staff have requested additional increases for some members.
- Surprise at the pay level of the music director which was less than other staff.
- To the question of how likely it was that the rate of inflation would continue high, Jim responded that the rate that the committee used considered inflation that took place between Nov. 2020 and Nov. 2021, and showed that without an increase, our staff lose 6% of their purchasing power. The HR committee brings numbers to the board, and the board will set the rate used in the campaign budget.
- Concerns were raised about how we will pay for this increase. We will require a substantial increase in pledges...about \$500 per pledge. The committee believe that the charge to the board from the past is to meet the fair salary standard. This is a goal we have set, and we should start with this guidance. We may need to adjust later.
- Jim reviewed a spreadsheet which shows that we are well within mid-point for a Zone 3 church (midsized), but if we move to Zone 4, some salaries will need to increase to meet the mid-point. All expressed confidence in Tina and Greg who will chair the annual campaign.

Finance Update (Financial Statements and Notes included in the Board Packet)

The combination of the Finance Committee, Endowment Committee, and the Stewardship Committee are doing excellent work to get a strong handle on our current finances. The combination of these groups helps to assure continuity across the full scope of financial planning.

Tim verbally reviewed key points in the finance report including:

- Details of the how the expenses for furnace repair at the main church and payments to Tech Consultant (Jay) are reported in the budget documents.

- The Afghan Asylee Project is supported mostly by donations. We have set up an account to receive donations and have established a non-operations fund to report income and spending on the project. Great support from the community (both within and outside the church) has allowed this project to move forward rapidly.
- FY21 Close out and Cleanup – The board extended thanks to Tom Himmel, Rob, Michele, and Art Henshaw. They led a major effort to clarify the separation of operating budget from other funds. There is now an operating loss for 2021. We will need to deal with this in our budgeting process. The Finance Committee will review report of the group that reviewed the separation of funds and make a recommendation of how we should look at this issue.
- We expect to report an operating loss for FY21, and we also have needed to use PPE funds to balance budget. We will likely have an operating loss for next year as well.
- The board discussed check signatories. In a recent case, we needed a signatory, and no one was available. A suggestion was made that Holly be approved as a third signatory. This is allowed in the By-Laws, and two signatures are required for any expenditure of over \$3,000. Board has consensus to allow Holly as a signer, but the board needs to vote to formalize this appointment. Also, the board agreed that signers who are expecting to be out of town should make sure staff are aware so that problems with signers can be limited.

ACTION: Jim made a motion, seconded by Tina that the board approve the chair of the board to be an authorized signer for checks as needed. The motion passed with no objections. Holly abstained.

Update on Afghan Resettlement Project

Rev Rebecca reported. The next step in supporting the families now in temporary housing is to locate or create appropriate, affordable permanent housing. A citywide group is working on this. John Feehan, the ED of the YWCA has joined the group. The YWCA had had experience developing affordable housing and John will help the workgroup explore options. ESL is happening with resettled families. Here at FRS, the installation of needed appliances is under way. Activity is constant in the space where the family lives. We will likely not get another family partly because of the needs and interests of the current folks who are filling the space. New stove is in and working.

Open Issues/Strategic Thinking

CB Beal Visit and Engagement around their work – Rev. Rebecca indicated that we are very happy to have CB aboard. CB will preach on Feb. 14th, will consult to the board on the gender issues we have been working with, and will lead workshops for the congregation. To demonstrate how they work, CB led a brief activity with the board to help us look at how stories evolve and how we tell them. The board found the activity helpful in clarifying our issues.

Finance, Endowment & Stewardship Group Work - Tim summarized the work currently in process to create a clear and well-documented system to account for funds donated to the church. This will be important to our work with stewardship and to the continued management of our various endowment accounts. Art Henshaw prepared a report (included in the Board Packet) tracking current funds. Need clarity on restrictions on the use of funds. Donors can set restrictions on the use of funds (i.e., the Swasey Orphan Fund discussed earlier) which define how funds can be used. Funds can also be limited in other ways, i.e., limiting the proportion of funds that can be used at any given time. This assures the preservation of capital. Funds can also be restricted for special purposes, e.g., anticipated capital repairs or other capital expense. If donors do not restrict how funds can be used, the board can set restrictions. These board-established restrictions can be changed by the board if circumstances change, whereas donor restrictions are harder to adjust. The Finance/Stewardship/Endowment (F/E/S) group is working to determine what kind of restrictions the board may wish to make on funds. This has been a long process and is ongoing.

As this process continues, we will need new policies, approved by the board, to document fiscal management decisions. Care in the establishment of these policies is important to assure that they meet our needs and desires as a congregation. The F/E/S group believes we should have a long-term strategy for how overall funds management, including how we will assign funds to day-to-day operations and to capital expenses and how we will budget funds for mission-related work. The group stressed that we need a long-term plan for how we raise, allocate and use funds. This is not a one-year project. These are big, complicated issues which have worked on but have not completed. Examples of what the group is considering are:

- Capital Funds Strategy - This will start in the Finance Committee. Ideally, we should establish a capital reserve. Initial work of looking at the costs of various items has been done. We have done a capital reserves study, but it is currently out of date. Does the board want to do another capital reserve study? We know the roof will need repairs. Do we want to consider solar panels?
- Use of the Futures Fund - Funds remaining from the retirement of our debts for the steeple and the lower meeting house are in the Futures Fund. The board is the right group to determine how this fund should be defined.
- Gift Acceptance Strategy – Where do what fund go? What restrictions are useful? How do we manage current restrictions?

The development of a broad finance policy set is daunting, but we can do a few policies at a time. The work that has been done to clarify and simplify the budget gives us a good starting point. We have understandings of how we manage salaries and that is helpful. Thanks to all who have considered these issues. Everyone is invited to look at the material and to determine what is needed as we move forward. Further discussion is forthcoming.

Covenant Team Update

Holly asked the Covenant Team to email the board on what they will be needing and how their work is going. On Feb. 26, the team will ask the board to help with congregational presentations. Please review the workshop design (4th version) which the team has developed with the consultant.

Consent Agenda

Parish Board Minutes -December 14, 2021
Parish Board Minutes (Special Meeting) January 11, 2022
Finance Committee Notes January 17, 2022
Finance Committee Notes January 17, 2022
Trustees Meeting Minutes – December 15, 2021

Action: Holly moved that the board accept all items on the consent agenda. Juliana seconded the motion which passed unanimously.

Holly thanked all for their engagement in this complex meeting

Closing

Closing words -Rev. Rebecca Bryan offered thanks and a brief meditation on taking feelings of love with us as we leave the meeting.

ACTION - Holly made a motion to adjourn and Tina seconded. The board unanimously approved. Tina Benik reminded members to sign Process Check Forms.

The chalice was extinguished, and the meeting ended at 8:00 PM.

Notes prepared by Kathy Desilets, Clerk