

Unitarian Universalist Church of Bloomington, Indiana
Seeking the Spirit, Building Community, Changing the World



Board Minutes
August 19, 2015

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VI. ADJOURNMENT 10:20 PM	6

Attending: Kathleen Sideli, Von Welch (partial attendance via phone), Arzetta Hults-Losensky, Ann LeDuc, Doug Cauble, Deb Hutton, Pat Brantlinger

Ex-officios: Reverend Doug Wadkins and Reverend Emily Manvel Leite

By invitation of the Board: Amy Taylor, Ministerial Search Committee Chair

Submitted by Ann LeDuc, Secretary

I. Call to Order 7:00 PM

Call to order by Kathleen Sideli, President, at 7:00 PM.

Changes to the agenda: None

II. Chalice Lighting and Reading

Chalice lighting and reading by Pat.

III. Check-in

Attendance and check-in.

IV. Main Meeting

A. Approval of Previous Board Minutes

Motion by Arzetta: to approve the July 2015 Board of Directors meeting minutes with the following change: page 3, under 2. Budget Update, change “125 health insurance plan” to “section 125 health insurance plan.”

Seconded by Deb.

Vote: approved unanimously.

B. Interim Minister's Report Reverend Wadkins

Reverend Wadkins has been working on worship, both in the pulpit and by providing assistance to guest speakers. Additionally, he has been providing pastoral care, preparing for the consultancy, assisting with social justice work, and preparing for the start of chalice circles.

Approximately 120 people participated in chalice circles in the last year.

A group of 10 congregants will participate in Beloved Conversations on October 9th and 10th. Beloved Conversations is a series of eight, two hour sessions. Participants will explore the spiritual and intellectual dimensions of racism in their lives. Participants will be congregation leaders. Jackie Hall and Shari Woodbury will be involved in the planning for Beloved Conversations.

Recently, Reverend Wadkins has provided a large amount of pastoral care to our congregants. There is a need to identify what pastoral care will look like in the future of our church. We need to have clarity as to what and how much pastoral care members of our staff can provide. Because Reverend Macklin is known better to the congregation than the interim minister, much of the pastoral care has been provided by her during the past year. It may be important for us to hire an Associate Minister with the ability to share equitably in the pastoral care of the congregation.

C. Old Business

1. Budget Update Arzetta Hults-Losensky

\$526K has been pledged as of August 18th. The budgeted pledge amount is \$540K.

\$108.4K towards pledges has been collected so far this fiscal year.

Prior year pledges as of August 4th are slightly over \$6K.

The external audit has been rescheduled to September 1st and 2nd.

2. Update on Fall Retreat

We are still seeking a facilitator for our October 3rd retreat.

Possible retreat topics include: clarity around ministry responsibilities, board linkage, conflict management, and supporting our ministers.

Nancy Heege talked about Board linkage during the recent consultancy. We would want to include how to do linkage with a congregation this size without falling into roles outside the scope of the board. We may also want to discuss how we connect with various church committees that fall outside of the board purview.

D. New Business

1. RE Consultant Follow-Up

Nancy Heege will provide a preliminary report to the ministers, seeking their input on factual content, and provide the final report to the Board that will go out to the congregation. The final report will most likely be presented to the board within a month and will provide us with recommendations and options. We may need clarification from Ms. Heege on some items before we send the report out to the entire congregation.

There was a discussion about the communications that preceded the consultancy.

Some topics brought up by Ms. Heege during the consultancy include: conflict management policy, displaying Ends Statements more prominently, and Board 'linkage,' a term that had not surfaced in policy governance documents created by the previous UUCB Board of Directors.

Part of Board linkage is listening to the congregation to determine whether or not our Ends Statements completely describe the vision and ministry of this congregation.

Ends Statements are goals that should be revisited periodically. The board has often looked at the Ends Statements, together with the ministers, and determined that they still captured the goals of UUCB to date.

2. MSC Update Amy Taylor

Ministerial Search Committee (MSC) members now have special yellow name tags to make them easily identifiable, and their own email address: uucbmsc@gmail.com. Committee members met with Keith Kron last week.

The MSC has many tasks to accomplish this year. They will create a congregational record for candidates to view that will include in-depth information about the congregation. The congregational record will be posted in November.

The “packet” is what is shared with ministers that are interested in the position. After the first of the year, we will receive information about ministers interested in the position.

The MSC needs certain things from the Board:

- A representative on the negotiating committee. The negotiating committee includes a member of the Board, the congregation and the MSC. The negotiating committee will meet with the final candidate and is important to bringing the candidate to the church. Von will be the Board representative.
- A description of duties for the Associate Minister, created with Reverend Macklin. This description needs to be created ASAP. The MSC will meet with Reverend Macklin for clarifications.
- The Associate Minister Salary Range
- The written contract by November 1st. Von, Ann, and Deb volunteered to serve on the contract subcommittee.

In September and October, the MSC will survey the congregation and hold cottage meetings with congregants.

September 23rd, in coordination with the next Board meeting, the MSC will hold a cottage meeting with the board. The Board will have a more traditional meeting with the MSC at a later date. The MSC must remain separate from the Board and completely autonomous.

The MSC will host Beyond Categorical Thinking, a program for the entire congregation to help identify our implicit biases regarding ministers. SPF may sponsor a lunch on the day of the program.

There was a discussion about the MSC needing to have as many modes and arenas for communication as possible. Kathy suggested that messages from the pulpit are well heard, but they should not be from a board member.

In many UUCB written communications, such as the Friday Update and Prologue, the MSC members will be listed along with the MSC email address.

Board members should email Amy Taylor any names of congregation members that may need to have a personal conversation with a member of the MSC.

3. Strategic Planning Opportunity

Center for Congregations is offering Strategic Planning workshops on September 3rd and 4th. Board members are encouraged to attend.

4. Request by Green Sanctuary Task Force

See attached letter to UUCB Board from Molly O'Donnell.

Green Sanctuary Task Force has pledged to Interfaith Power and Light that our congregation will be carbon neutral by 2050. There was a discussion about whether or not we have a policy for signing agreements such as this type of pledge.

We will ask for GSTF to put this pledge up for ratification at the December congregational meeting; and ask them to make a presentation on how they believe we might arrive at carbon neutrality over the coming decades.

This pledge will need to be revisited by the congregation at multiple points in the years to come.

5. Peace Pole donation

A peace pole was donated by the Hollingsworths in memory of their son.

There was a conversation about our procedures regarding gifts that occupy physical space. Arzetta said that she believes that there is an operating policy regarding physical gifts.

6. SPF Town Hall, September 26 Arzetta Hults-Losensky

See attached "Special Purposes Fund Town Hall Discussion on Fossil Fuel Divestment."

SPF will hold a town hall meeting on September 26th from 10:30 AM to noon to discuss fossil fuel divestment. In 2014, the UUA announced it had divested its endowment from fossil fuels. The UUA also maintains a Common Endowment Fund that congregations may invest in that has been divested from fossil fuels.

There are congregants who feel strongly about both sides of the decision, whether or not to divest in fossil fuels.

Currently, funds divested of fossil fuels are managed funds. This means the fees on these investments are higher.

7. Monitoring

II.F.1-2: Asset protection (insurance)

Written report provided by the Senior Minister.

Required exhibit: Summary of policies, limits, and coverage.

See attached "II.F.1-2 Asset Protection Report."

SPF By-law Investments

Von Welch

Written report by the Special Purposes Fund Committee. Required

See attached "Special Purposes Fund Board Report – 01/01/15 to 06/30/15."

Funds received for any Green Spaces Project pledges will be given to SPF.

V. Executive Session

The board met in executive session at 9:36 PM.

VI. Adjournment 10:20 PM

Motion by Ann: to adjourn.

Seconded by Pat.

Vote: approved unanimously.

The meeting adjourned at 10:20 PM.

Ministerial Search Committee (MSC) Requests for UUCB Board & MAM*

Note: Any item with a * indicates it is something for the Board & for MAM to communicate to MSC (not necessarily together or at same time).

- 1) *Negotiating Committee – recommended 2-3 people (1 from Board, 1 from MSC) to negotiate contract with candidate of choice. Who from Board will be on this committee?
- 2) Associate Minister salary range and benefit packet UUCB will offer (recommendation is that we offer a \$5,000 salary range and still have some additional wiggle room if needed to get candidate of choice).
- 3) **By Nov 1**, the Board has completed and will provide MSC the **written contract** that will be offered to Associate Minister candidate selected.
- 4) Support, participate and co-facilitate with MSC: congregational survey, Cottage Meetings, Beyond Categorical Thinking (BCT). The last is yet undecided – see item 5.
- 5) *Weigh in on decision to engage in BCT – MSC to make final decision on Sep 1.
 - a. The BCT helps the congregation examine ways to be more inclusive in considering ministerial candidates. See more info on UUA website about Beyond Categorical Thinking (BCT).
 - b. Here is the link to the UUA website for the request form for a BCT workshop:
 - i. http://www.uua.org/sites/live-new.uua.org/files/bct_visit_request.docx
Skimming this form is useful to clarify inclusivity in hiring considerations.
 - c. If we do the BCT, the MSC will use \$300 of its budget. Typically the BCT workshop is scheduled 6-8 weeks out. The facilitator(s) meet with MSC Sat night, do the Sun service sermon, and after facilitate a 3 hour workshop with the congregation. Board encouraged to attend, MSC must attend, Interim minister & staff welcome to attend.
 - d. Would the Board consider sponsoring lunch day of workshop? Other recommendations for lunch.
 - e. Any considerations for 3 dates select to send to UUA with BCT request?
- 6) *Provide Senior and Associate Minister role clarification (job descriptions?).
- 7) Communicate what you want from the MSC:
 - a. What you want communicated
 - b. When you want communication
 - c. How you want to be communicated with
- 8) *When and if you want to meet with the entire MSC.

8/16/15 - Submitted by Amy Taylor, MSC Chair on behalf of the full Committee.

11 August 2015

Dear UUCB Board members,

Interfaith Power and Light (IPL), which represents 18,000 U.S. congregations in 40 states, plans to take a scroll to the UN Paris Climate Talks in December that bears the names of the congregations that have pledged to reduce their carbon footprint by 50% by 2030 and set a goal to reduce by 100% (i.e. be “carbon neutral”) by 2050. Significantly, twelve of the first 100 congregations to pledge were Unitarian Universalist churches. At least one Indianapolis area UU church is considering signing. In October 2014 the members of the Green Sanctuary Task Force voted to have our church sign, but we did not share our stated goal with the board or greater congregation nor develop a plan.*

(See www.parispledge.org for an up-to-date list of congregations and other information.)

Climate Change is a key generational challenge, and we believe that our congregation should lead by example. We plan to request input from our members because it will take all our participation to reach this goal. The church already has made a good start, having reduced our carbon footprint in 2014 by 50%, compared to 2008. We plan –and set aside a portion of our funds in our Green Maintenance account -- to continue making building improvements and investing in efficient equipment and lighting upgrades. We will also continue to monitor our thermostat settings, and manage our use of rooms to lessen the need to heat or cool so many during the week. These steps will continue to lower our energy use. But to get to zero will also take the installation of additional renewable energy to offset the energy use we cannot eliminate.

This fall the Green Sanctuary Task Force is forming a working group, which I will chair, to research what other congregations propose and to create a tentative plan for our church. Our working group will meet the first Sunday of each month this fall to develop a plan for how to reduce another 25% by 2030 and to become carbon neutral by 2050. We would like to present our preliminary findings at the December congressional meeting. I plan to submit a brief Prologue article inviting people to join this working group with a link to further information that I will add to our GSTF webpage. (See attached draft.) People may also contact me with suggestions.

Support and advice from the church board would be very much appreciated and valued.

Sincerely,

Molly

Molly O'Donnell
Co-Chair, Building and Grounds and
Member, Green Sanctuary Task Force
Unitarian Universalist Church of Bloomington
Co-Convener, Earth Care Bloomington
Bringing Hoosiers of faith together to help curb global climate change
<http://www.earthcareindiana.org/>

Volunteer, Hoosier Interfaith Power and Light

<http://www.hoosieripl.org/>

Chair, Residential Programs Committee,

Monroe County Energy Challenge

<http://www.mocoenergychallenge.org/>

(812) 219-5388

* Although members of the Green Sanctuary Task Force had voted to sign the Paris Pledge nine or ten months ago, it only went through in July 2015, after IPL contacted me again because we are an IPL Certified Cool Congregation.

GSTF WEBPAGE ENTRY

D * R * A * F * T

Interfaith Power and Light (IPL) plans to take a scroll to the UN Paris Climate Talks in November that bears the names of congregations that have pledged to reduce their carbon footprint ([Add hyperlink http\\:www.parispledge.org](http://www.parispledge.org)) by 50% by 2030, and set a goal to reduce by 100% (i.e. be “carbon neutral”) by 2050. As of July 2015 about 100 congregations have signed, including a dozen other Unitarian Universalist congregations.

Members of the Unitarian Universalist Church of Bloomington Green Sanctuary Task Force believe that climate change is the greatest generational challenge, and that our congregation should lead by example. The church is already a UUA certified Green Sanctuary an IPL *Certified Cool Congregation*, having reduced our carbon footprint in 2014 by 50% as compared to 2008.

LOWERING OUR ENERGY USE

Our next goal is to reduce by another 25% by 2030. The church plans to continue making building improvements and investing in efficient equipment & lighting upgrades, and the board sets aside funds each year toward this end. We also plan to continue to monitor thermostat settings and manage our use of rooms to lessen the need to heat or cool as many spaces during the week.

BECOMING CARBON NEUTRAL

To reach zero will also take the installation of additional renewable energy to offset the energy use we cannot eliminate. The Green Sanctuary Task Force Paris Pledge working group will create a tentative plan for our church. We will work with other pledging congregations – including the dozen other UU congregations– as well as with members of Earth Care and the other Hoosier Interfaith Power and Light affiliates.

INTERESTED?

We would like to solicit input from the congregation, since it will take its participation —and funding— to reach this goal. You are invited to join the Green Sanctuary Task Force Paris Climate Pledge Working Group. The Paris Pledge group will meet during the second portion of the regular task force meetings, held the first Sunday of the month at 12:45 PM in the Fuchs Library. (See the weekly *Order of Service* for any changes of location.)

Can't make it to our working group meetings? Attend the December congressional meeting for a summary of our progress. Or contact us before then with your ideas.
(<mailto:mollysod@gmail.com>)

II.F.1-2 Asset Protection Report

August 12, 2015

by Carol Marks, Church Administrator
as requested by Reverend Mary Ann Macklin, Senior Minister
Unitarian Universalist Church of Bloomington, Indiana

Summary of insurance policies, limits, and coverage.

Our congregation is insured with a multi-peril policy and workers compensation policy through Church Mutual Insurance Company, of Merrill, Wisconsin.

We initiated a preliminary conversation about a claim for property damage (auto accident damaged railings and concrete at east end of Courtyard sidewalk and stairs) in December 2014, but withdrew the claim after our legal counsel determined that the person who caused the damage had insurance that would be adequate. No other claims were filed in the past 12 months.

Brent Phillips continues as our agent, with assistance from Pat Musall.

Our current policy period runs from 04/16/15 to 04/16/16. A copy of the policy is filed in the Church Administrator's office.

A review of the policy will be scheduled with Pat Musall in September 2015.

The policy covers Property, including but not limited to the building and all the congregation's personal property stored inside it, personal property of the ministers, and systems and equipment breakdown (like exploding steam boilers) unless due to wear and tear.

Our building is not covered for mine subsidence but is covered for earthquake and sinkhole collapse. We are not covered for damage caused by government action, nuclear hazard, utility services, war, terrorism, or water damage unless such damage causes fire or explosion.

We have additional coverage in the amount of \$50,000 for any one occurrence in case a mishap like a tornado, fire, or the end of the world as we know it results in loss of institutional income and extra expense as we recover from whatever happens.

Our property deductible was raised to \$1000 per occurrence in April 2014, except in case of earthquake, when the deductible amount is 5% of the stated value of the building. The raise in deductible from \$500 to \$1000 was done to keep our premium stable. Church Mutual declined in April 2014 to offer a deductible lower than \$1000 per occurrence.

The General Liability part of our policy covers our congregation in case of a wide variety of awful things that might happen, including bodily injury, property damage, sexual misconduct and catastrophic violence. The general aggregate limit is \$3,000,000.

In addition, all childcare staff and volunteer Religious Education teachers and facilitators receive Reducing the Risk training annually, to prevent child sexual abuse. Training materials are provided by Church Mutual and materials from other sources are used by our Religious Education staff.

We are also covered for theft of church money and securities for a total of \$2,000, with a deductible of \$250. We have a blanket bond for anyone handling money, in the amount of \$20,000.

Our policy covers our ministers or “employees and volunteers acting under our direction and control and within the scope of his or her duties” for counseling professional liability in the amount of \$1,000,000 per claim, with an aggregate of \$3,000,000.

We also have coverage for hired and non-owned automobile liability in case something unfortunate happens when a church event involves members going somewhere in a vehicle. Each occurrence has a limit of \$1,000,000 with an aggregate of \$3,000,000. There is also a medical expense endorsement for \$10,000 for any one person and an aggregate of \$25,000.

The Church Administrator will review the policy with a Church Mutual agent in September 2015. The total cost for the coming year (2015-16) will be about \$5,500. This includes our workers compensation policy. Policy premiums are annually updated in April.

We also review our Fiscal Manual on an annual basis. An updated copy is included, below.

Respectfully submitted,
Carol Marks
Church Administrator

Fiscal Manual

Unitarian Universalist Church of Bloomington, Indiana

F:\carol\My Documents\Accounting\Fiscal Manual\2014-08-11 Fiscal Manual, Money Handling.docx

Security of Cash and Checks – Protection of Assets

1. All blank checks and voided checks will be kept in a locked location.
2. Cash and checks will be deposited on the day they are received.
3. After 60 days the Church Administrator and Treasurer will investigate any outstanding checks.
4. Chase Bank confirmed that no checks made payable to “UU Church” will be cashed—these will be deposited to our account only.
5. No original financial documents such as invoices, bank statements, or time cards should be taken out of the Church building. Special exceptions may be made if photocopies of statements are needed in order for volunteers to work on or review reports away from the building, as long as the copies are destroyed after use.

Separation of Duties Regarding Cash Handling and Bookkeeping

1. Staff member preparing the bank deposits will be a different person from the one maintaining the church’s accounts.
2. Two individuals will count all cash that is to be deposited, and will both sign the cash-in form or offering form before giving it to administrative staff for deposit.
3. The Treasurer or other officer of the church who does not do the bookkeeping will review bank reconciliations on a monthly basis.

Petty Cash Funds

1. Petty cash funds for General Petty Cash (Church Administrator) and Religious Education Petty Cash (Director of Religious Education) will be reconciled monthly by someone other than the petty cash custodians.
2. Receipts for reimbursement to petty cash will be submitted monthly for payment.

Payment of Invoices and Payroll

1. All invoices should be stamped paid and dated to prevent double payment for the same bill.
2. Treasurer will review and sign off on all electronic payment advice for online bill paying and direct deposit of paychecks.
3. Treasurer will review online bill pay and direct deposit of payroll on the bank’s website on a monthly basis. Username and password will be provided to the Treasurer for this purpose.

Job Descriptions and Employee Status

Job descriptions and employment status forms should be updated annually or whenever a change of status occurs. (Personnel Policy, Senior Minister)

Money Management Rules: How to Handle Cash from Fundraising

Top 4 Guidelines

- 1.) Arrange with the church administrator to obtain working cash if needed.

- 2.) Do not pay receipts out of cash. Submit original receipts or other requests for reimbursement via church check
- 3.) Always have 2 people count and verify the amount of money.
- 4.) Use standard cash-in and check request vouchers to process money.

Details

1. If you need start up change contact the Church Administrator, Carol Marks, at least 5 business days in advance. Money can either be moved to an approved transmittal account if you have an existing budget or loaned from petty cash. Loaned amounts will be deducted from cash on hand after your first day of sales.

2. Turn in any cash and checks to drop box or a staff member within 24 hours of each event. **DO NOT LEAVE LARGE AMOUNTS OF CASH IN THE BUILDING OVERNIGHT.** Both times our building has been broken into in the last 5 years were on the day after an event that collected large amounts of cash.

3 – 4. Trackability and accountability are very important.

- Use the Cash-In slips provided in Room 204 to turn in money to be deposited. Always have two people count each deposit. The cash-in slip should be signed by both counters and be included in the envelope with the cash. The deposit should be given to the Office Assistant or to the church administrator, or a Board officer if available, or deposited in the cash drop in closet door next to the nursery (Room 104). Please use a #10 envelope for this purpose and be sure it is sealed.
- Use Check Request Vouchers to request reimbursement for money you have spent on behalf of your project. You must have a balance in the budget line or T-account you are using in order to be reimbursed.
- Do NOT disburse cash out of the cash you are taking in for the project to pay people back for things they have bought to benefit the project, or to pay honorariums to speakers. Original receipts and a Check Request Voucher must be submitted for checks to be generated. These vouchers and receipts should be given to the Church Administrator or Office Assistant. Checks are written on the 15th and last day of each month.
- Use a cashbox if the fundraiser is ongoing. After each event, count the cash that is in the box, separate the amount you want to keep there for change (not more than \$25), and prepare the balance of cash and checks for deposit in the church's bank account, in the fund you are using, e.g. Booktable, YUUMS bagel sales, etc. Be sure to put a signed paper in the cash box that says how much cash is remaining there and who counted it. Ask office staff to Secure the cashbox in a secure locked location when not in use.

Questions, please see Church Administrator Carol Marks or the Treasurer.

Special Purposes Fund Board Report – 01/01/15 to 06/30/15

1[1]

Notes 2

Endowment Accounts

Beginning Balance	Earnings	Distribution	Other Transfers	Deposits	Expenses	Ending Balance
100,882.50	-808.12	-1,470.30				98,604.08

Investments

100% Vanguard Wellington fund
(approximately 2/3 equities and 1/3 bonds)
Investment profile has not changed in this period.

General Accounts

Beginning Balance	Earnings	Distribution	Other Transfers	Deposits	Expenses	Ending Balance
195,396.76	2,857.20	1,470.30		19,735.00	-43,347.21	176,112.05

Income

1/13/2015	NR Carol Shapiro		100.00			
3/3/2015	NR Robin Black-Schaffer		1,025.00			
5/13/2015	Carol Shapiro Bequest		15,000.00			
5/13/2015	Arda Landergren memorial fund to Social Justice Grant fund from Green Spaces		60.00			
5/18/2015	Initiative		3,500.00			
6/8/15	Tosca Sideli memorial fund		<u>50.00</u>			--
	Income Total		<u>19,735.00</u>			--

Expenses

3/30/2015	R Music Clarke Dewey Wells		500.00			
5/21/2015	UU Church: Grounds Endowment Inc Q3 & Q4		347.21			
6/2/2015	UU Church: to pay back loans for Gr Sp Project		40,000.00			
6/23/2015	UU Church: for Room 208/210/212 remodeling		<u>2,500.00</u>			
	Expense Total		<u>43,347.21</u>			--

Investments

11% Checking Register	34
1% Hilliard Lyons: Canada precious metals	35
13% Vanguard ...4291 I-T Investment-Grade Inv	36
13% Vanguard ...4291 S-T Investment-Grade Inv	37
61% Vanguard ...0780 Wellington Fund Inv	38
No change in investment profile in this period.	39
	40
Comments	41
The Special Purposes Fund Committee is undertaking a review of investments, including possibilities for fossil fuel divestment. A Town Hall meeting is scheduled for September 26th, 10:30-12:00, to share information on investment/divestment approaches with congregants and hear their views.	42
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Committee	44
Chris Haynes (Chair), Arzetta Hults-Losensky (Board Treasurer), Von Welch (Board appointed), Joanne Wilhelm (Secretary), and Stuart Yoak (Vice-chair)	45
	46
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Special Purposes Fund

Town Hall Discussion on Fossil Fuel Divestment

Saturday, September 26, 2015

Background

The Special Purposes Fund (SPF) supports the Church's religious, charitable, educational and civic purposes beyond activities under the normal operating budget, via management of both *Endowment* and *General* funds.

The SPF has assets of about \$300,000. Close to 90% has for some time been invested in a mix of three Vanguard funds providing a conservative balance between equities and short and medium term bonds.

In recent years there has been growing interest in fossil fuel divestment, especially since the announcement at the 2014 General Assembly that the Unitarian Universalist Association (UUA) had just divested its endowment, and encouraged congregations to consider doing so. The SPF Committee has been reviewing its investments, with special consideration of this possibility. (There are a variety of possible approaches to socially and ecologically responsible investing, but only fossil fuel divestment as it is generally construed is under consideration at this time.)

In parallel with its own endowment, the UUA has since 1962 maintained a Common Endowment Fund (CEF, <http://www.uua.org/uucef/>, originally named General Investment Fund). Only UUA congregations may invest in the CEF, and about 330 congregations do so at this time. The CEF was divested along with the UUA's endowment.

The CEF is a *active management fund* for which a panel of investment authorities maintain a portfolio of stocks and bonds that are periodically reevaluated against alternatives on the market. The Vanguard funds in which we are presently invested are *indexed funds* that are designed to track the performance of broad market segments meeting specified criteria.

SPF Committee Observations

Operational procedures of the CEF are suitable for the bulk of SPF assets, including all of the Endowment, but short-term liquidity limitations mean that substantial funds need to be maintained outside of the CEF (perhaps \$75,000).

It seems most of those favoring divestment agree there will be negligible economic impact from the limited divestments that can be expected given the current level of interest. They value

divestment for reasons of moral integrity and public witness.

The CEF has a fee of about 1% per year, and managed funds with significantly lower fees are only possible with very much larger accounts than ours. To our knowledge all divested funds are managed, and hence would have comparable or greater fees.

Indexed funds in general have much lower fees, and at about 0.2% per year the fees of our present Vanguard funds are about as low as they get.

There is extensive evidence that in general managed funds do not outperform indexed funds (before fees), and on average do not do as well. After fees many believe they cannot in general do as well. The CEF managers have impressive credentials and the CEF performance record appears to be generally in line with the market. (Judgements in financial matters such as those in this paragraph are subject to much debate among experts and these debates involve investment and statistical skills that no member of the SPF Committee has.)

Some believe that, fees aside, divested funds cannot be expected to perform as well as the market, for they exclude part of the market. Others believe fossil fuel divestment exclude a part of the market that cannot have a good future, and thus are expected to have better returns. As no fossil fuel divested funds have a long track record, and current times are in relevant ways unprecedented, these debates cannot be settled definitively. The SPF Committee does not have a position on these issues, but suspects that a well managed divested fund could be expected to perform about as well as the market as a whole, and hence about as well as our current holding of a balanced mix of indexed funds.

The SPF Committee has not identified a suitable alternative to the CEF for divestment. Our concern with the CEF is the 0.8% higher fees. This may be justified, but must be balanced against other potential uses in pursuit of our church's vision. Assuming others factors are a "wash", as they appear to the Committee at this time, and assuming we divested 75% of current assets (recall the need for liquidity), this amounts aof divestment of about \$1,800 per year.

Discussion

The purpose of this Town Hall Meeting is to answer questions, explore options and pose questions for further research.