



Unitarian Universalist Church of South County

A member of the Unitarian Universalist Association of Congregations

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June 5, 2005 Annual Meeting Minutes

President Dave Kinnear called the Annual Meeting to Order, June 5, 2005, 12:45 p.m.

A quorum was declared.

MOTION was made to accept the agenda as written.

Approved unanimously

Jim Semelroth was appointed to act as Parliamentarian for the meeting.

MOTION was made to accept the minutes of the last annual meeting held on June 13, 2004.

Approved unanimously

Report of the President

Attendees were encouraged to read all the reports in each member's packet of handouts, including the President's report. President Dave Kinnear asked that all remain for the President's awards which would be given after the business portion and at the end of the meeting.

Report of the Vice President of Finance and the Treasurer

Alan Hull stated that the report was included and that hopefully all have read it. Alan asked for questions.

He gave a quick synopsis of his report on page 4 of the committee reports.

Two main points in summary regarding this year's finances:

- If we have full payment of the pledges paid for the rest of the year including making up any pledges in arrears, we will come in close to break even for 2004-2005.
- 2) We budgeted for a \$10,000 deficit. With frugal activity by all committees we have under spent on a number of our committee budgets. Stellar activity from the Ways and Means Committee has brought in more than budgeted.

We have made real progress on meeting financial stability, if pledges meet budget then we would not have to dip into reserves this year as we approved last year.

Dave Keen stated that there was a copy of the Treasurer's Report through May included in the handouts. He noted that there was a \$25,000 bequest. That it looks like other than the \$25,000 bequest, we will break even.

- \$11,000 in pledges are late in coming in and he encouraged anyone who is late to please get those in.
- Twenty pledges for next year have not been received as of this point. We would like to get those in so we can be confident of our proposed budget.
- We have set up the ability to utilize Automatic Transfer for your pledge payment to our bank account. Dave Salahi will place the information for this process on the website.

It was asked if it could be shared who donated the \$25,000. It was given by Ted Zarembinski and his wife. It was a gift of unrestricted funds. There will be further discussion later on in the meeting, although it shows up in the Operating Budget it may not stay there.

Minister: Rev. John Millspaugh; **Minister Emeritus:** Rev. Robert Jordan Ross

President: Dave Kinnear; **Vice-Pres:** Lynn Cowan; **VP Finance:** Alan Hull; **Treasurer:** Dave Keen; **Secretary:** Margaret Pierce

Directors: Liz Biewen, Connie Pursell, Scott Craig

Attendees were encouraged to read the Committee reports in the handouts since they contain more detailed information.

Comprehensive Planning Committee

John Alcorn reported on the Comprehensive Planning Committee activities.

- John asked that it be noted that Janet Lusk should be acknowledged as a committee member, her name was missing on the committee report
- The committee has held lots of meetings and all have contributed in a collegial manner. Connie Pursell has offered greatly in the way of graphs and charts supporting the committees work on the 5 year strategy/plan.
- They have made a rough estimate that proposes approximately 275 members in 5 years up from our present 150
- The final plan will be voted on by the congregation.
- A lot of thought has been given to the many roles our congregation plays, e.g. social justice, the role of children in our congregation, etc.
- Plan to have a draft submitted to the Board in July, and have August to review and amend if necessary. Then the plan would be to present it to the Congregation in September for a vote to accept/amend/reject it.
- Working with Larry Wheeler, a consultant from the UUA.

Question: Is there going to be any explanation as to how you arrived at the proposed plan? Pros and cons?

Answer: Yes, there will be explanation as to what our thinking was in coming to the plan when it is proposed.

Capital Campaign Committee

Bob Meyers reported on the Capital Campaign Committee activities.

- He delineated the members of the committee
- The purpose of the committee is to explore and see if in fact our congregation is ready to move forward on a very ambitious and first ever effort to raise funds for our own church meeting
- Three meetings, January, February, and March. It was determined that we should indeed move forward
- A consultant, Larry Wheeler, confirmed and concluded that we were on the right track and that it was time to move forward. He feels there can be a very successful capital campaign.
- Have also received support from the Board to have the UUA consultant back for three days in the summer and then in the fall he will conduct a financial feasibility study by contacting about 40 of our members. There will then be our annual pledge drive and our capital campaign in the Spring of 2006.
- It was clarified that the annual canvas and the capital fund drive are separate.

Question: Will we be buying land and building or buying something that is already built

Answer: That is the focus of the Facilities Committee.....our Committee puts together the Capital Funds to move ahead with what is determined by the congregation and the Board of Directors as being best for our church.

New Facilities Committee

Scott Craig was not present.....David Kinnear addressed questions in regard to the New Facilities Committee.

David Kinnear reported that there is no restriction on our search for a new facility choice. We are looking at several alternatives including prefabbed buildings, existing commercial or religious building, or even a larger rental space as an intermediate building until we get to our next space. We have said that the parameters are that we need a sanctuary and parking for approximately 500 people. These three committees together will bring together the plan, the funds, and the new choice.

Question: Any location in mind?

Answer: Not too far away from the Mission Viejo area because that is where the majority of our congregation is; but we want to keep our minds open so that the possibilities are not limited.

Report of the Minister

Rev. John stated that he's never been more proud to serve the church than he has been this year. He reported that this year we have:

- Strengthened the Congregation's Growth – have grown to 150 Adults and 90 Children. We have grown from a small to a midsize congregation with 20 more people each Sunday in Church. Attributed to having two services.

- Broadened in Shared Ministry: Covenant groups with over half of our adult congregation participating. Rev. John has spent one Sunday per month with the youth of the church.
- Have worked to improve our communication. Covenant of right relations was established this year.
- Taken great steps to plan for the future
- Achieved positive attention in Outreach
 - 7 significant articles in Orange County Register (5 on Marriage Equality, 2 on Peace Circle – Cultural Dialogue)
 - Articles featured UUCSC in the Orange County & Long Beach Blade; the LA Times; and featured in OC Weekly's annual "Best of Orange County" issue
 - Spoke at Aliso Niguel and Laguna Hills High School on Tolerance
 - Spoke at Laguna Niguel City Council
 - Reporters seeking us out for the Liberal Religious view
- Professional Ministry honored – Personal Accomplishments
 - Sermon selected by an International UUA organization as this year's outstanding sermon on an issue affecting GLBT and related people. Rev. John will preach the sermon at the UUA General Assembly in Texas at the end of June.
 - Organized a group of South Orange County Clergy group
 - Has been chosen to serve as the President for the next two years of the Pacific Southwest District of the Unitarian Universalist Ministers Association.
 - Selected to write the Social Justice chapter of the UUA's upcoming national Coming-of-Age curriculum.
 - Shared that Sarah Gibb is employed as the Adult Program Director for the UUA and will be here in Orange County beginning in July.

- Rev. John shared the pleasure of serving with Jo Franco as our CRE Director this past year and shared our best wishes as she transitions to her future new home. He also expressed appreciation to Dave Kinnear as he leaves the role of president. He also expressed that our UUA consultant will help us with creating an intentional purpose and direction as a congregation.
- Spoke to what is in store for 2005 and his enthusiasm about our growing vision of who we want to become.

Consideration and Adoption of the New Budget

Alan Hull, the VP of Finance, explained the 2005-2006 Fiscal Year proposed budget.

Alan presented general principles to guide us since we are a mid-size congregation and a ¼ of a million dollar a year enterprise as well as an employer

- **Fiscal responsibility** – it is vital that our budgets are honest and achievable and that we achieve them
- **Fair Compensation and Fair Share Congregation** – UUA puts out guidelines about how congregations act as employers and how we remunerate our staff – Fair Compensation. A Fair Share Congregation is that we pay our way in PSWD.
- **No Deficit Budget Principles** – have fallen short on pledge income 8 % this past year – are projecting 3% fall off for next year; we are a mid-size congregation and need to recognize the implications on our staff and follow the fair compensation guidelines; incorporated the expense estimates from our committee chairs and trust their input.
- **Assumptions:**
 - that members will consider using the automatic transfer process for their pledge payments;
 - that our fall off on pledges collected will be less (3%) than last year (8%);
 - that we will provide monthly statements in addition to quarterly and annual statements;
 - that we will get ten more pledges at an average of \$500 each;
 - Scrip Income at \$7K
 - Continue to rent to the SDA and that they will receive a rate increase as we have at 5%
 - Rev. John's salary and housing and benefits – 4% cost of living adjustment and paying our half of the self employment tax for Rev. John
 - Small operating costs are going up for building maintenance, postage, etc. with our membership growth and tenants also using our facility
 - DRE budgeted amount reduced from \$20K down to \$14 K – equates to DRE working 20 hours instead of 25 hours per week

MOTION: Motion made to accept the budget as proposed. **SECONDED:** Motion seconded.

Discussion:

Gene Johnson shared concern regarding cutting the DRE budget. Energy and vitality of the church growth depends on CRE. We are stopping the growth engine of the church by cutting the DRE budget. If we pass this budget by reducing the DRE pay

A concern was shared re: taking money away and the concern of doing CRE without a director. Need to think of other options.

Bernie November asked if we don't pass the budget today are we able to pay John in July. Then went on to suggest we consider families with children in CRE pay a small fee for CRE or all members pay an additional fee for CRE (e.g. \$50 a year more)

Penny Kinnear stated that we need to shift away from the idea of reducing the DRE/CRE budget and consider that we have not as a congregation come forward with enough money to fund our budget. Suggested that members need to pledge \$5 more a month.

Lois Huddlestone stated that CRE seemed to be the only committee that has been cut. Contrary to paying tuition, she believes that our most precious investment is our religious education program.

Dave Keen was not aware that we had cut the CRE budget, Alan agreed.

Lois Huddlestone stated disappointment that the search has been put off for the DRE. However her point was that the CRE is the only budget that has been cut

Lynn Cowan clarified that as the person responsible for the DRE search there are two resumes, one of which involved a large move for the candidate.....she did not feel that we could go forward with a proactive search unless we have confidence regarding the salary offer we can make.

A clarification was asked for on the \$5000 of an increase in pledge.....was it 10 existing members?

Alan Hull answered that this represented 10 new members and an estimate of \$500 each pledge.

Dana Freeman shared that the reason they are here is because of children's CRE, and suggested that people need to buy scrip.

Bill Hunker shared willingness to be the accompanist for free and that maybe the music budget could be put into CRE

Sheila Raymond asked if we received new pledges, is it a certainty that it would go to CRE? She then suggested that altering the music budget sounded like a possibility we should look at, it was a lot to think about.

It was answered that the additional pledges would be part of the whole operational budget.

Keith Tuominen shared that we should not go backwards in music nor in children's education. The more we can do to make this a solid approach and a systemic approach, not one that can't be sustained.

Jim Semelroth stated that we need to make amendments to move money vs. just talking about ideas. As parliamentarian he suggests that someone needs to make a formal amendment to the motion for a proposed budget.

Rev. John shared that when there is a fee charged, then those individual's pledges usually are reduced by the same amount and so it doesn't in his experience make for a long-term solution. He is aware that CRE has promoted the idea of increasing pledges this past week and feels it would be useful to know, has there been success in the area of increasing pledges? Rev. John was just given a \$500 check for this purpose.

Dave Keen stated we have received an additional \$490 pledged, with the \$500 we then have \$990 additional.

MOTION: Gene Johnson made a MOTION to Amend the budget that we believe instead of bringing in 10 new members at \$500 each, we will bring in 18 members at \$500 each.

SECONDED: Bernie November seconded the motion.

Discussion on the Amendment:

Debbie Salahi stated that we had 13 new members this last year.

Connie Pursell stated that we have appointed a new Membership Committee Chair and she feels that 18 new members is very realistic.

It was asked if we change the budget does that mean that we will keep the additional dollars for the CRE?
It was answered that technically no.....but that we would make another amendment to put that income on that line.

Alan Hull clarified that 19 pledges would mean an additional \$4,500 based on "faith growth" that would go into DRE costs

John Alcorn cautioned that we need to be very careful when estimating new growth.....but assured confidence that we will net at least 19 new members next year.

Dave Salahi stated to keep in mind people and pledge units are not the same

Dave Kinnear clarified that we are talking about 19 pledge units

Dick Huddleston reminded us that these 19 new members will come in over the next year, and will not therefore be in place for the whole year and so probability suggests we may have to cut down the estimated income by about half.

Dave Kinnear called the vote. It was recommended by the parliamentarian to call for a hand vote:

All in favor of the Amendment: 40

All opposed: 4

All those abstaining: 12

The MOTION to AMEND the budget has carried.

MOTION: Lois Huddleston stated that there are always times when you can offer services for no pay. But she wanted to make a motion to amend the budget by decreasing several areas (including Childcare, Membership, Music, Postage) by \$2100 and move it to the CRE line of the budget, which then becomes a CRE budget of \$3900.

SECONDED: Charlotte Clarke seconded the motion

Gene Johnson shared the CRE Committee's appreciation of the motion, but feels the CRE Committee can live with the budget the way it is and would prefer the funds go to support the DRE rather than the CRE.

Lois stated that without a DRE in place initially that the CRE may need the funds.

It was suggested that the money would be better placed in the DRE budget since the curricula is set and the work is mostly done. It was requested to make a friendly amendment to Lois's amendment that the money go to the DRE rather than the CRE.

Lois Huddleston accepted this change to her amendment.

Lori Williams expressed concern about taking money from Childcare.

Jo Franco shared her concern that we have been fortunate that Darcy Medina was here every Sunday and for other meetings.....that it will be a very difficult challenge to not have the funds in childcare.

Lois Huddleston withdrew her motion for an amendment.

MOTION WITHDRAWN

MOTION: Bernie November made a Motion for an amendment that the increased income from the additional pledge units be moved to the DRE salary expense line.

SECONDED: Rosie Pacilli seconded the motion.

Dana Freeman asked for clarification as to how much the increase is?

Alan clarified that the pledge income is now increased by \$9,000 and the DRE Expense line now reads \$14,000.

Jim Semelroth made the point that it is phantom money. You can put 100 new members in and it doesn't necessarily give us any more money.

Dave Kinnear agreed and stated that this would be a deficit budget and we are being overly optimistic on the income.

Gene Johnson stated we may be overly optimistic on income, but without approval of the it we can't achieve what is promised.

Dick Huddlestone stated that if we change the DRE budget item, then that will be the new budget irrespective of whether the new pledges come in or not. If they don't come in, it will be shared across the budget and not shouldered only by the DRE.

Dave Keen stated that we've already approved the increase in the income.

Dave Kinnear restated that we could indeed as Dick said experience a deficit budget if we don't make the increased income.

Dave called for the vote to move the increased income to the DRE expense line
Motion for the amendment passed with 1 opposed and 3 abstentions.

Carol Semelroth made a MOTION to move \$1,000 out of Ways & Means Expense line to the DRE Expense line.
Jack Hall seconded the motion.

Dave called the vote

Motion for the amendment passed with 1 abstention.

MOTION: Penny Kinnear made a motion to move \$500 from the Worship Committee into the DRE expense line.

Alan Hull suggested that he work with the Committee Chairs to move money as needed into the DRE.

Penny Kinnear withdrew her motion.

MOTION WITHDRAWN

Dave Keen stated that we have the funds necessary to move forward and call the question to adopt the budget as amended.

Dave Kinnear called the vote on the motion to accept the budget as amended.

The MOTION to accept the Budget as Amended was passed unanimously.

Alan Hull thanked the congregation for their discussion and process.

Lynn Cowan stated that the quarterly information meetings to discuss pledges and how well they are coming in, that it will be very important for all to attend. Everyone will need to meet their pledge and expense targets.

New Business

The proposed Bylaw Amendment is being put before the Congregation for discussion.

MOTION: Bernie November moved that we add to the existing Article VII Section 8 of the bylaws the paragraph as presented in the printed proposal supplied to all:

The Treasurer shall maintain a Cash Management Account in an amount not to exceed 20% of the annual budget. This account will be used to meet the cash flow needs for Church expenses and will then be replenished as income allows. Income above and beyond the full Cash Management Account shall be put into general savings for future operating expenses or special projects.

The Treasurer, in consultation with the Board, VP of Finance and Finance Committee shall maintain other accounts that are necessary to segregate from the operating accounts any designated funds or endowments to ensure that they are managed as prescribed by the benefactor(s). Such designated funds are "Reserves" and use for purposes other than those prescribed by the benefactor(s) shall be prohibited unless approved by a two-thirds (2/3) vote of the qualified members of the church present at any meeting legally called and at which a quorum is present.

SECONDED: motion was seconded

Dave Kinnear explained the meaning behind the above proposal.

Gene Johnson asked what the VP of Finance and the Treasurer think of this.

Alan Hull stated the question for him is can we do all these things without a change in the Bylaws, and he believes we can. He feels the entire amendment came from an issue of mistrust in the Board not being good custodians. His own personal view is that we know what needs to be done and can do this without a bylaws change.

Dave Keen said when he read this that he had about 10 different objections.

- 20% is not enough, 25% should be the minimum
- The term "reserves" is used incorrectly
- Rule is superfluous because the law does not allow us to spend it otherwise
- This is too restrictive
- Better handled through policies regarding a restricted fund

Bernie November stated that 20% is approximately \$50,000 which is an enormous amount. He stated two critical points in support of the amendment:

- Great benefit for future donors by giving them the confidence that their wishes will be honored and their donations will not be used for everyday expenses/short falls.
- What this really comes down to is not a matter of trust, but assuring that the congregation is the one to make the decision if we should use the reserve funds whenever it comes to a matter of dire circumstance.

Shirley McGovern stated that she is very much in favor of a bylaw change to assure a congregational vote

Dick Huddleston stated that a bylaw change to provide strict boundaries on donations that are for a definite purpose is a good one, but the actual use of reserves which are not restricted for church business is not in the same ballpark. I don't think the Board did use any restricted funds for that.....the business of breaking trust is not a valid statement.

Gary Livesey stated that the issue is that we can't borrow money in the case of a cash flow issue.

Penny stated that we have never used restricted funds.....if given for a specific purpose we cannot by law use this money in any other way.

Jim Semelroth called for the question

Dave Kinnear called for a hand vote;

25 in favor 14 opposed 7 abstentions

It was validated that we needed two thirds of those present to pass.

Motion did not pass.

MOTION: John Alcorn made a motion for the congregation to accept or reject the goal of having 275 members by June 30th, 2010.

SECONDED: Lynn Cowan seconded the motion.

Discussion: we need a projection in order to strategically plan.

Gene Johnson called for the question

Motion passed unanimously

Rev. John Millsbaugh spoke to our congregation's general stance in the past of not publicly taking a stand on supporting Marriage Equality in California. Asked that a motion be put forth that this congregation would support Marriage Equality for all comers.

MOTION: John Alcorn made the motion**SECONDED:** Penny Kinnear seconded the motion

Gene Johnson made an amendment that we encourage our minister to publicly take a stand as well

John accepted the amendment

Vote was taken.

Motion passed unanimously**Report of the Nominating Committee**

Mary Ruth Johnson presented the Nominating Committee's Slate for approval by the congregation.

Refer to page 7 of the committee reports.

Position	Members	Info
President '07	Lynn Cowan	First Term as President
VP of Operations '06	Tara Sayre	First Term (1 yr)
VP of Finance '07	Alan Hull	Second Term
Treasurer '06	Penny Kinnear	First Term (1 yr)
Secretary '06	Janet Lusk	First Term (1 yr)
Director '06	Connie Pursell	Not being voted on, Continuing on the Board
Director '07	Sal Nawaz	First Term
Director '07	Margaret Pierce	First Term as Director
Nominating '06	Marcia Meyer	Not being voted on, Continuing on the Committee
Nominating '06	Dick Huddleston	Not being voted on, Continuing on the Committee
Nominating '07	Cherie Thorpe	First Term
Nominating '07	Dave Salahi	First Term

MOTION: To approve the nominating committee's slate.**SECONDED:** Seconded by Gary Livesey.**Motion passed unanimously**

Lynn Cowan presented David Kinnear with a crystal plaque in recognition of his terms as President.

Dave Kinnear presented two Presidents Awards:

1st Award to Randi Winters for her work and contribution as the Chair of the Worship Committee2nd Award to Darcy Medina for her work and contribution as the CRE Childcare/Nursery Care Provider.**MOTION:** To adjourn the meeting.**SECONDED:** Motion was seconded.**Motion passed unanimously.**

The meeting was adjourned at 3:10 p.m.

Respectfully submitted,

Margaret Pierce

Secretary