

**135<sup>th</sup> Annual Meeting**  
**First Unitarian Society of Minneapolis**  
**Wednesday, May 18, 2016, 6:30 pm**

[Note: "FUS" is the First Unitarian Society of Minneapolis." "Board" in this document means the FUS Board of Trustees. "David" is Rev. Dr. David Breeden, senior minister of FUS.]

**Welcome**

**Mike Illes**

**Organizational Details**

**Mike Illes**

- a. Call to Order at 6:33 pm
- b. Quorum Count – 87 members had signed in, representing more than the required 10% of FUS members. Reported by Joyce Riedesel.  
[Note: Last year's attendance was 107.]
- c. Appointment of Parliamentarian: Christie Eller  
Becca Brackett moved and Catherine Jordan seconded. The vote was unanimous.
- d. Appointment of Recording Secretary: Sue Tincher  
Audrey Kingstrom moved and Polly Peterson seconded. The vote was unanimous.

**Looking Back and Looking Forward**

**Minister's Report**

**Rev. David Breeden**

I want to thank Mike Illes, board chair for three years. He met challenges calmly and focused on the goals. The success of the past three years could not have happened without him.

The retirement of Wendy Reynolds is a loss to our staff—she will be greatly missed. Her hours were raised to 25 when I came here. She still worked more than that, and has lent a ministerial presence to her job. We have redistributed her portfolio between Jim Foti and Kelli Clement—both of them will have the title of assistant minister from now on.

The budget package tonight brings all of the staff up to a minimum of fifteen dollars per hour. This next year we will be reassessing Religious Education (RE) in general. This year, for the first time in recent history, the numbers of kids in RE went higher as the year went on.

We are adding two ministerial interns next year, Jane Bennet and Sarah Smalley. Thanks to your generosity at the Service Auction, they will be fairly compensated.

The Music Program will add some “mini-music Sundays” next year.

I hope you’ve met our new finance director, Shelli Hesselroth, a CPA. Kate Goodrich continues to add a warm presence to the office. There is a night and day difference since Tim Roehl came on as Director of Facilities.

The mini-meals have totally changed the dynamics on Sundays. Roughly three-quarters of adults and lots of kids stay to eat and go on to further programming. Thanks to Dave Leussler for putting in about ten hours per week as a volunteer to plan, shop, and cook. I have asked the Foundation for money to fund this ten-hour-a-week position, which Dave will take if it works out.

Membership has risen from 318 to 494 in the past three years. FUS stands at the cusp of once again attaining large-congregation status (at 550 members). FUS is known as a “heritage congregation.” The future of humanism remains in our hands.

We are an explicitly experimental, liberal congregation and we are thriving.

## **Board of Trustees Report**

**Mike Illes**

**Trustees and Officers 2015-2016** [seated on the stage]:

Mike Illes, Chair; Scott Eller, Vice Chair; Sue Tincher, Secretary; Allan Callander, Treasurer; Holly Anderson; Katrina Lassegard; Joyce Riedesel; Nick Rowse

The past year at FUS was both exciting and full of energy. We are very lucky to have such a great ministry team, with the opportunity each week to hear wonderful talks and participate in many offerings.

Over the year:

- We finished large sections of our policies, including our Oversight Policy, and we put together a number of draft policies.
- We developed a Board calendar to organize our work and create a schedule for board committee reports.
- In our Board retreat in August, we discussed the Capital Campaign plans and voted to move forward with them.
- We updated the budgeting process, to create synergies throughout the programs.
- We worked on being a welcoming congregation, as we move towards the 500-member mark.

## **Foundation Report**

**Dodd Wilson**

The Foundation has officially been here for 25 years and our mission is to support FUS. One of the things we do is distribute money. We have 60% equities and 40% in cash and bonds and a 4.25% disbursement rate. We also have expenses—for example, we pay part of finance director Shelli’s salary. We have legal fees, especially with the IRS with the complicated issue that was recently resolved. We recently finished the

issue with the IRS for the second time—they wrote us a letter and took us off their revoke list, which had been an incorrect listing on their part from the beginning.

This year we had \$67,000 in donations. We have to have donations in order to sustain our functioning. It would be great if we could get to a spot to not have to give \$50,000 or \$60,000 to FUS' operating costs every year, but instead be more of a rainy day fund.

Allan Callander moved the slate of Foundation Board as proposed, including Becca Brackett, Bob Aderhold, Matt Hoenck and Dodd Wilson. Nick Rowse seconded it. It was approved.

### **Capital Campaign Task Force**

### **Greg Giles**

This has been quite a journey since our teams were formed back in October. I would like to thank everyone on all the teams, but I can't mention them all by name because there are now 27 volunteers. We are building bridges. We are building community. We are building a safe place for dangerous ideas. We are in an odd phase right now because we had a big burst of activity at first, and you haven't heard much lately. It is a 6-step process. Step 2 was Understand and Develop. Step 3, Schematic Design, happened in January. Step 4 is Design Development, which is where we are at now. On June 5, after the Social Hour, we will be unveiling what we hope will be some fabulous documents about what we are actually going to do.

We hoped we could raise \$1 million by this point. We have actually raised \$1,069,050, \$115,000 in the last two days. We have already received \$615,000 in cash. We have 100% board participation. The largest gift was \$250,000 from an anonymous FUS member. We have talked to 28 people, but there are 480 members. So if you haven't been contacted yet, be patient. We will be talking with all of you eventually.

Just a little bit about what we are doing. We want to have the facilities and technology to support our work here. We want a larger, more accessible community. We will have new restrooms for which it doesn't matter how you identify to use them. We will be updating our common spaces, updating our meeting rooms.

The current budget is \$2.25-2.75 million, maybe \$3 million. This range is a problem right now, because the architect needs an exact number. Our priorities now are infrastructure updates, accessibility updates, connecting FUS to the neighborhood and nature, and an improved interior that serves our needs and uses today. We need more flexibility and desirability in the spaces.

I want to thank all of you who have worked on this, and all of you who have stepped up to donate.

Mike Illes: I want to personally thank Greg Giles—the Steering Committee meets every other week without fail. This is a once-in-a-generation opportunity to improve this building. Greg did talk about the budget, and we are getting to the stage where we need to get the budget to the architect. The board recently had a special meeting

where we took a preliminary vote for long-term financing, with the caveat that we would bring it to you tonight for discussion. We looked at the By-laws and determined that we have the authority to authorize this. I want to read the motion that we preliminarily passed on Monday:

The Finance Committee is hereby authorized to engage with lenders—commercial, private or otherwise—to secure long-term financing to more fully achieve the congregation’s vision for our building. This financing shall be limited by the following conditions: a) that principal and interest payments be limited to no more than 8% of the 2016-17 FUS annual budget, or the amount of the Foundation’s general contribution to FUS in the 2016-17 fiscal year, whichever is greater; b) that no agreement be entered into which does not allow for prepayment of principal without penalty; and c) that the loan amount does not exceed 50% of the combined cash assets of FUS and its Foundation as of June 30, 2015. Final financing agreements are subject to Board approval.

With that being said, I would like Allan to talk to this issue.

Allan Callander: I would like to reiterate that no one on the Board wants a mortgage. One of the things I have been in favor of has been to try to improve our budget such that we no longer have to put the Foundation’s contributions towards the operation of the Society. We are going to gain money once we replace the boiler. We know our membership will grow. In a two-year time-frame, we will be able to use a lot of money to pay off that Foundation grant. The mortgage we will require will realistically be in the range of a half-million dollars, and will probably start in two years. We will definitely need bridge financing. We have a lot of money, but we just don’t have it in the right places.

Phil Duran: Let me add two things. With the addition of air conditioning, we anticipate a lot more rental revenue. We could see somewhere between \$50,000 and \$60,000 in additional rental revenue. There will be a lot of construction going on in a short period of time, and we save some cash doing it all at once. I voted in favor of long-term financing.

Barb Lutz: How many members have committed the million so far? (28) How much do we think we can raise from donations? (\$2.25 million) How much would the mortgage payment be? (\$60,000) I think we can do a lot with rental income alone.

Lilly Bubser: I am nervous to hear the word mortgage. I don’t know how long the building has been without a mortgage. I thought the project was a lot bigger than was presented tonight. I wonder if the Board is being too hasty. (Allan’s response: We gave the architect a laundry list of things we wanted. We know realistically that we could not do them all.) (Mike: The last time we had a mortgage was when we got the education wing.)

Steve Pratt: I thought that that we were talking about looking at a number of different financing situations. It seems like the mortgage would be the least appealing, considering the interest rate FUS could receive.

George Hutchinson: As an architect, I think we need to all of these things. I am excited because so much of what goes on here, we do on the cheap. I really am in support of this.

Mibs Pearson: I want some clarification. The upper number is \$3 million, correct? (Mike: That is the ballpark.) How much time will the construction take? (1 year) How will it affect the use of the building? (It will affect the use of the building)

Martha Hardesty: I have lived through two house remodelings, and wished we had done more, looking back. I am in favor of some alternative funding.

Dodd Wilson: There is about \$1.3 million in the Foundation. We have an unrestricted fund of \$75-80,000. It is possible that we could write a contract between the church and the Foundation and get a good interest rate. There are better ways to look at this than a mortgage.

Terri Stark: How will life be during the construction change? It will be very disruptive and the faster we can get everything done, the better. You're giving a firmer grasp on these details. Don't draw it out. We will all try to come up with money to help.

Beth Gohdes: Three things about long-term financing. We need to be sure not to use it to live beyond our means. Be careful about rentals—think about the money that goes out with more rentals—custodial, scheduling, etc. Parking is still an issue. We need to not have stars in our eyes. We could think about going to a different building for \$3 million, one with parking.

Sue Tincher: I really like the building remodel project, but I think a mortgage is a bad idea. For one thing, it is not fiscally responsible to go into debt and to buy what you cannot afford. For another thing, there will be trade-offs to our staff and programming for as long as the mortgage is in place, 25 years or thereabouts. The building should be lower priority than our people.

Audrey Kingstrom: Everyone is making great points. I am a big supporter of this. Either you really fix the building, or we will really just limp along. We are poised to be the beacons of humanism. This is an opportunity for us to have a face that is worthy of that. You can't get there by doing things piecemeal.

Catherine Jordan: I am in favor in long-term financing. What is the deadline on the fundraising? If you are starting building in the fall, you need to know how much money you have. (Greg: the fundraising will be done at the end of the year, but we have done our due diligence and think we have an accurate number. There will have to be short-term bridge financing to carry us over.)

Mike: We had a long fruitful discussion at the Board. We will take this feedback and go to the Board meeting next week.

## **Treasurer's Report**

**Allan Callander**

The Treasurer's report this year is quite boring because we are doing quite well. The staff has done very well at holding expenses carefully, as we have been very concerned about not going into a deficit situation.

As of April 30, 2016, our total revenues were \$560,009, about \$12,000 below expected target, and 85 percent of our final budget plan of \$661,080. Our total expenses were \$552,575, about \$7,000 above where we expected, and 84 percent of our final budget plan of \$660,491. Careful expense controls have been in place for most of the year and as long as our pledges reach our goal of \$450,000, we expect to achieve the fully balanced budget as passed last year. Would the Stewardship Team please stand to be recognized, because they have done an excellent job. Our pledges constitute about 75% of total operating funds. The Finance Team as well has done a great job, along with Finance Director Shelli Hesselroth.

## **Elections**

**Mike Illes**

### **a. Board of Trustees**

Continuing Board members: **Holly Anderson, Allan Callander, Phil Duran, Mike Illes, and Katrina Lassegard**

Incumbent nominees: **Joyce Riedesel** (2<sup>nd</sup> term), **Sue Tincher** (3<sup>rd</sup> term)

New nominees: **Barb Lutz** and **Shelley Shreffler**

Barb Lutz: Hi, I'm Barb Lutz, and I've been a member of FUS for 10 years. I do have experience serving on boards and advisory committees, mostly in connection with my federal employment, where I was the Army Representative on a number of Joint Service Committees having to do with reserve forces. I am dedicated to FUS. I have volunteered my time in a number of different areas, singing with the Eclectics, participating in Solstice, and filling in for the office manager and building coordinator while FUS was searching for permanent staff members.

Shelley Shreffler said: I have been a member for about 25 years. I have done about everything you can do here except be on the Board. I'm excited about what's been going on with the congregation, especially recently. In my life away from FUS, I work for a Foundation and work with a lot of non-profits and have a good understanding of budgeting. I take very seriously the idea of governance.

Polly Peterson moved the slate of nominations, Beth Gohdes seconded, and the vote was unanimous.

### **b. Nominations Committee**

Incumbent nominees: **Sheila Callander, Anita Martinez**

New nominee: **Scott Eller**

**Mike Illes** will also chair Nominations, as past Board Chair.

Roger Clemence moved this slate for the Nominations Committee.

Catherine Jordan seconded. The vote was unanimous.

## **Financial Affairs**

**Allan Callander**

### **a. Presentation and vote on Ministerial Compensation**

We are only providing a very small raise, only 2%. David's compensation is \$111,835, an increase of \$3,000 or 4,000 in total.

There are very few salary increases overall, but some improvements in benefits. One other wrinkle: if David can provide certain documentation about his housing, we may juggle some of the salary versus housing allowance.

Polly Peterson moved to accept the Ministerial Compensation. Catherine Jordan seconded. The vote was unanimous.

### **b. Presentation and vote on the Budget**

**Allan Callander**

We went through a bit of learning on the Finance Committee about the Non-Pledge Support number—that number will be calculated more conservatively in the future. One change for the upcoming year is that half of Director of Facilities Tim's salary will be paid through the Capital Campaign funds. Pledge income will be about 70% of our income—it is critical. On the expense side, there are not a lot of changes. Of fixed/building costs, office and administration, building maintenance, and utility costs comprise the bulk of expenses.

For programming costs, the music program goes down a bit, because we are going to two Music Sundays and smaller music events.

Personnel expenses are the largest part of the budget, set at \$483,000 next year.

Additional non-budget financial data: We have contributed \$29,000 to outside causes, both through special collections on Sundays and on Service Auction outside recipients.

The number of pledges by annual amount shows that we are a little low on pledges in the middle to middle-upper range—it should be more of a bell curve.

*Q - Can we really count on building rental next year if we are under construction?*

A – expected rental income is reduced from normal

*Q - Seasonal Celebrations should not be a pass-through number, it actually needs some support.*

A - we are still working out the kinks on supporting the needs of various committees

*Q - I have a concern that there are over 100 kids in the RE program, and there are only a few families who brought kids tonight. It would be better if the Annual meeting was held at a more family-friendly time.*

A – We will take this into consideration in the future

*Q - I would love to see a balance sheet for the organization—it should be in the Annual Report.*

A – Another good suggestion for the future

*Q - Why were Music Sundays reduced from three to two?*

A - David: We trimmed the budget by 10%. The music program was large, so we need to figure out how to get more bang for our buck. The music program costs \$4,000 per Music Sunday. With the more spread out approach with mini-music Sundays, we will reduce the budget load.

*Q - Is there a Music Designated Fund?*

A - Yes, there still is, and any money donated particularly for music will go to that. But we need to reduce silos.

Martha Hardesty moved to accept the 2016-2017 Budget. Bob Aderhold seconded. The vote was unanimous.

## **Duelstgen Award Presentation**

**Scott Eller**

The Ron and Lois Duelstgen Award of congregation service is given to those who have expressed dedication to FUS through many years of service and generosity. The Board votes on each year's recipients. Scott read a list of past honorees.

The Duelstgen Award this year goes to **Audrey Kingstrom** and **Bob Aderhold**.  
[Huge applause, standing ovation]

## **Celebrations and Farewells**

8:00

**Board Members Retiring**

**Mike Illes**

We have two great Board members retiring this year:

Nick Rowse had one term and served on the Governance Committee. Scott Eller had six terms and served a couple times as vice chair.

Thank you so much for your service. [Applause]

**Births, Deaths, and Departures**                      **Jim Foti**

Birth – We celebrate the births of Jack Barrett, Lucas Rodgers, and Emmett Saxton.

Deaths – We mourn the passing of Blake Fannin, Roger Rydberg, Elisabeth Rosenberg, John Moede, John Schneider, David McGovern, Lorraine Madison, Mary Lou Nelson, Phyllis Jordan, Shirley Maxwell, and Betty Jerome.

**Appreciations**    **Mike Illes**

Mike offered thanks to Holly Anderson, Scott Eller, Katrina Lassegard and the rest of the Annual Meeting Team for putting this evening together. He thanked the kitchen crew under the leadership of Dave Leussler and Jean Christensen for supper.

**Adjournment**

Mike Illes asked for a motion to adjourn.

Polly Peterson moved. Barb Lutz seconded. The vote was unanimous.

The Annual Meeting was adjourned at 8:47 pm.

Submitted by Sue Tincher