

**Community Church of Chapel Hill Unitarian Universalist
Board Meeting Minutes
April 12, 2016**

Attending:	Cathy Cole Kathy Hodges Katie Heineman	Bill Poteat Mike Vann John Ballantyne	Dan Hill Bill Rote Bryan Sexton
Ex Officio:	Thom Belote	Laurence Kirsch	Richard Edwards
Guests:	Pete Bird Cecilia Warshaw	Ivy Brezina Paige Smith	Steve Warshaw Gary Giles

- 1. Welcome**
 - a. **Chalice Lighting/Reading** – Dan Hill opened the meeting with a reading.
 - b. **Sharing** –
- 2. Approval of Tonight's Agenda** – Bill Poteat asked that the Report from Executive Committee be added to tonight's agenda, and made a motion to accept the agenda for the meeting as amended.
Dan Hill seconded the motion.
All in favor with none opposed.
- 3. March Minutes** -- Cathy Cole made a motion to accept the minutes as written.
Mike Vann seconded the motion.
All in favor with none opposing.
- 4. Minister's Report** – Reviewed the Minister's Report which was provided to the Board in advance of the meeting (and is attached to this report). Discussed the financials for the year to date. Year over year review shows that we are behind where we were last year, in terms of cash on hand, but we still remain at a net positive relative to budgeted amounts. Also discussed year over year pledges and contributions. In response to Dan's inquiry concerning the need for an Assistant Minister, Thom commented that a church of our size usually has a larger full-time equivalent staff than what we presently have, though this has not yet created significant problems.
- 5. Report from Executive Committee** – Bill Poteat shared discussion from phone meeting on March 14th, at which the Executive Committee approved release of information on Chapel Hill Cooperative Preschool (CHCP) to the Space Exploration Team. The Executive Committee also considered a request from CHCP to extend their lease for 12 months, which was tabled until today's full Board Meeting.

Katie moved that the Board approve the decision by the Executive Committee to release the information to the Space Exploration Team.
Bill Rote seconded the motion.
All in favor with none opposing.

- 6. Strategic Management Team** – Pete Bird shared with the Board the SMT's draft strategy, which is still under review, and is in a process for gathering wider input. SMT asked for the Board's review and input. Shared the process for development and review going forward, with a request that we change the timeline for congregational affirmation to September, versus June, which would allow more time for broader input. If the plan were to go to the Ministries in mid-April to solicit comments through mid-July and provide their respective comments on their activities and goals towards the church's Strategic Plan, the revised Strategic Plan would be made available to the congregation in July, followed by town hall meetings to gather input, with a final draft completed and posted by early September for review at a full congregational meeting. The Board's Annual Report for FY 2015/2016 that includes the reports from the Minister and the Ministries would also be completed by September.

Discussed connection of Strategic Plan and its connection to the budget, of which only approximately 6% is discretionary, although it does have bearing on staff priorities in terms of allocation of their efforts and time. Also discussed the Strategic Plan's role in establishing the Annual Vision of Ministry, but clarified that it is not explicitly connected to the budget process. Board Members commented positively on streamlining the plan and the committee reporting requirements. There were no objections to the timing changes. Pete requested that all comments be submitted by the end of April.

- 7. Bequest from Bob Weston** –Bob Weston, in his will, made a bequest to The Community Church.

Bill Poteat made the following motion:

Move that in accordance with the information provided by Carolyn Holt in an email sent to the Board dated April 6, 2016, which clarifies the intentions of Robert Weston with respect to a bequest to The Community Church from his estate; the monies received from that bequest will go to the Capital Fund.

Cathy Cole seconded the motion.

All in favor with none opposed.

- 8. Report on Insurance Review** – Dan Hill shared the information from last week's meeting with a representative of our insurance company. Liability coverage in total is \$3 million. Proposed indemnity language for our bylaws comports with our coverage. Shared how coverage for new construction would be built into the policy for the church and clarified several key questions about the solar panels (covered); and the CHCP (covered under their own policy, which does not add to our premiums).

Discussed current coverage amounts; insurance agent stated that the coverage was adequate for a building and organization our size. Question was raised regarding sprinkler systems and what that would do to our premiums. Also discussed whether we should install some level of protection for external copper wiring in light of recent uptick in theft of copper. At this time, that was not deemed cost effective for C3HUU.

Also discussed the indemnity clause, and discussed the coverage extension to officers, board members, staff and contractors, but not to volunteers.

9. **Proposed Bylaw Changes** – Bryan Sexton, on behalf of the Governance Committee, discussed a proposed addition of an indemnity clause to the Bylaws. The proposed language was reviewed by our insurance agent with no concerns.

Bryan Sexton also shared with the Board that a proposal for change to the Bylaws would be forthcoming with a change regarding membership requirements.

Both proposals will be reviewed at the Board Meeting in May.

10. **Annual Pledge Drive (Status)** – Cathy Cole shared updates from the Annual Pledge Drive. We have completed the formal drive and followed up with individual phone calls. The next step will be direct communication from Thom Belote to individual members/households who have not pledged. Cathy thanked the Board for their involvement in the process, including supporting cottage meetings; phone banking to members; and direct outreach. Current projections suggest that we will meet or exceed last year's pledged amount by the beginning of the fiscal year 2016-2017.

Cathy made note that the emphasis this year was not on increasing one's pledge, but more on evaluating the worth of The Community Church to each member. We are preparing to evaluate the efficacy of the process, as this year's pledge drive took a new approach to engaging the congregation. Board discussed preliminary suggestions for next year, based upon feedback and experience with the format.

11. **Chapel Hill Cooperative Preschool Proposals & Town Hall Preparations** – Kathy Cole provided a review of conversations with the Chapel Hill Cooperative Preschool and the actions The Community Church took to explore the feasibility of continuing the partnership with CHCP, given the space needs of The Community Church. Last August, our Negotiating Team presented to the CHCP our specific proposals for the terms of a new lease after a building expansion designed to meet the needs of both the church and CHCP. Since that time, there have been multiple delays, which we believe were caused by CHCP, that have prevented the Board from moving forward with an expansion plan. The Board has discussed this issue on multiple occasions.

Cathy Cole made a motion:

Move that the Board reject the “best and final” offer of the Chapel Hill Cooperative Preschool (CHCP) dated January 14, 2016. The offer proposes a lease agreement with the church in which the church would be required to build/renovate space suitable for the CHCP to consolidate its two campuses at the church. And, further move that the Board reject the request by CHCP dated March 10, 2016, to further extend the current lease with the church to September 30, 2018. The President of the Board is herewith directed to transmit these decisions to CHCP in a suitable letter.

Clarified that the motion rejects both the lease proposal, and the request to extend the present lease.

John Ballantyne seconded the motion.

Discussed whether both motions could be considered concurrently, but given the timelines of the current lease, it was discussed that this could go forward. Each Board Member gave input, citing the potential financial risk to committing to such a long-term relationship (40 years), concerns about equity owed to CHCP in the agreement, and the alignment of mission and leadership between CHCP and The Community Church.

All in favor of rejecting CHCP's best and final offer and of rejecting the lease extension, with none opposing.

Discussed next steps, in terms of whether additional offers would be received from CHCP, and how to support an amicable end to the relationship. Discussed that negotiations have already gone on for a long time, and that this most recent offer was to be their best and final offer, so no additional offers should be expected or entertained. Discussed the near-term impact on the budget for the church, given the impending loss of revenue, and how this would impact the capital campaign in light of the planned space expansion. Discussed the timeline for fundraising and establishing the final plan for breaking ground in the fall of 2017, which would be right after the CHCP's lease ends.

Discussed whether any further negotiations would be entertained.

Steve Warshaw, church member, expressed that the primary concern for the Space Exploration Team, and for himself, is getting the best possible outcome for the church. Recognizing that there are parts of the church that clearly need renovation, expressed concern that efforts to upgrade our facilities could not wait and should not be held up by further negotiations with the CHCP.

Discussed whether there was any room for negotiation or value in making a counter offer that supported the best possible outcome for the church. However, on more than one occasion, the church has already provided the structure for an agreement, and these have not been accepted by the CHCP negotiator. Discussed whether expressing to them explicitly conditions of reengagement would be worthwhile. Also affirmed the Board's intent to support an amicable and well planned transition when the CHCP lease terminates. The Board Chair for the CHCP has made it clear that the offer on the table is their best and final offer.

Paige Smith, church member, said thank you to the Board for the many hours and meetings put in to exploring the lease negotiations with the CHCP. Expressed support for the decision made by the Board, and cautioned that reopening the door to negotiations should require much additional discussion, and noted that there are further concerns and issues that have not been discussed at this meeting.

Cecilia Warshaw, church member, expressed appreciation for the Board's diligence and thoughtfulness in the decision-making process and consideration. Expressed concern about the timing of the Board's response, as well as the time that allows for the CHCP to explore other options. Expressed sadness and concern about the outcome, but also expressed support for the decision.

Bill Poteat affirmed that he would not put any specific conditions in the letter, but would say in a separate email communication that, if the Board Chair for the CHCP wanted to meet this week, he would be willing to do so. Also, will express the Church's desire and intent to resolve the separation amicably and responsibly. Intent to share with the congregation after response from the CHCP is received, at town hall meetings planned for April 24th and April 25th.

12. Bill presented a “look ahead” to the May Board Meeting:

- Finalize the Budget for presentation first at a Town Hall Mtg and then at the Congregational Meeting, June 12th (2 days before the June Board Meeting). The Finance Committee brings a budget recommendation to the Board including staff and minister compensation. Funding a Capital Campaign discussion.
- Finalize agenda for the June 12th Congregational meeting:
 - Space expansion plans
 - Bylaws changes
 - Endowment Fund items
 - State of the Church presentation
 - Board Assignments for the meeting
- Discussion about a Congregational Meeting in September
- Final APD report
- Nominating Committee discussion.

13. Closing

- a. **Process Observations** – Dan commented on the thoughtful, positive discussion.
- b. **Action Items** –
 - i. **Submit comments to Pete Bird and Thom Belote on the Strategic Plan.**
 - ii. **Bill Poteat will send a letter to the CHCP.**
- c. **Closing Words** – Dan Hill closed the meeting at 9:04pm.

Board Report
Rev. Thom Belote
April 12, 2016

Since last meeting

- Preached and led worship on 3/13, 3/20, and 3/27. Will preach on 4/10.
- Participated in our first ever Distinguished Guest Minister weekend with Rev. John Crestwell. The weekend included dinner with Rev. John and Joni and the whole Worship Ministry on Friday night, a 2 hour workshop on singing and contemporary worship on Saturday, and both services on Sunday, April 3.
- Led 4 memorial services in 5 weeks: Bob Weston (3/5), Brad Barker (3/12), David Lederer (3/19), and Gwil Owen (4/2).
- Joined 12 youth from our church and six parents for part of their service-learning trip to New Orleans. During my time with them we spent two days replacing incandescent lightbulbs with energy efficient CFL bulbs in homes of low-income residents with the non-profit Green Light New Orleans, spent a day doing marsh clean up with an environmental non-profit, toured the Whitney Plantation and Slave Museum, and had beignets and coffee at Café du Monde.
- 11 new members since last meeting. Nine of those new members came from the most recent Exploring Membership class.
- 19 people crammed into the Kirby Room for the most recent Exploring Membership class. This included Rachel, a representative from the Membership Team, and me, as well as three others who were already members but had previously missed a session of the class. 9 out of 13 decided to join.
- Taught four sessions of the Preaching Practicum class. The six students enrolled will offer sermons between 6/19 and 7/24.
- Will teach an afternoon and evening SEA course on Ta-Nehisi Coates' book "Between the World and Me" starting 4/14 and running until the end of April.
- Led Coming of Age on 3/6 and Youth Group on 3/13.
- Provided assistance as requested to the Annual Pledge Drive Committee.
- Meetings attended included: Worship Ministry, Caring Ministry, Committee on Ministry, Church Council, and a meeting with the Space Exploration Team.

For Your Information

- I will be away on vacation from Friday evening, April 15 to Monday afternoon, April 18 taking a trip with my family.

APRIL 12, 2016 PRELIMINARY BOARD AGENDA

<u>ITEM</u>	<u>RESPONSIBLE PERSON</u>	<u>END TIME</u>
Welcome		
Chalice Lighting/Reading	Bill R.	7:02
Sharing	Board	7:17
Approval of Tonight's Agenda	Bill P.	7:18
March Minutes	Bill P.	7:23
Minster's Report	Thom	7:28
Strategic Management Team	Pete	7:38
Bequest from Bob Weston	Bill P.	7:43
Report on Insurance Review	Dan	7:53
Proposed Bylaw Changes	Bryan	8:03
Annual Pledge Drive (status)	Cathy	8:15
CHCP proposals & Town Hall preparations.	Cathy	8:58
Closing Process Observations, Action Items Closing Words	Bill R.	9:00

Space Exploration Team Memo to the Board

April 11, 2016

To the Board of the Community Church of Chapel Hill UU:

The Space Exploration Team (SET) is grateful that Cathy Cole, Paige Smith and Marion Hirsh met with us to review the work that they have done evaluating the last offer from the Preschool.

After reviewing the offer and its implications for the Church, we believe that it cannot be accepted. **However, we would urge the Board to convey its decision in a manner that encourages open dialogue with the Preschool.** We are not encouraging this approach for the sake of maintaining a relationship with the Preschool. That is not our concern. Our concern is to identify a way to build what the Church needs. Building with the Preschool, if it is possible, seems to be the best cost option for doing that.

If this is, in fact, the Preschool's last, best, and final offer, there needs to be a thoughtful dialogue on how best to disengage the two entities, one that allows the Church to proceed with its needed renovation and construction while allowing the Preschool adequate time to find new space. Certainly no one wants to be responsible for the closure of the Preschool and yet, if they do not have space, that will occur. Conversely, if this is not the last and final offer or if the Preschool has other options for the Church to consider, the SET feels that there are many advantages to the Church in proceeding with the Preschool.

BACKGROUND

1. First we believe that some background might be helpful. In the fall of 2013, the Board established a Space Assessment Task Force. This group reported to the Board in November 2014 with a recommendation on the needs of the Church for additional space. The Board then established the SET in November of 2014 to explore ways to meet the Church's space needs. Specifically the SET was charged with developing a plan with the preschool that met the Church's needs and also a plan separate from the Preschool that would meet the Church's needs.
2. While the Space Assessment Task Force was meeting, the Board was approached by the preschool expressing an interest in consolidating their two locations into one at the Church if possible. The Board instructed both the Space Assessment Task Force and the SET to work with the Preschool. As a result representatives of the Church have been meeting with representatives of the Preschool for over two years.
3. Initially the Preschool hoped to have an equity interest in what was built. That model was rejected by the Board. Thereafter, what was discussed between the Church and the Preschool in these meetings, and reported to the Board, was the following model:
 - a. The Preschool would pay the complete cost of building the space they would occupy;

- b. After the mortgage was paid, the Preschool would receive a reduction in the rent paid;
 - c. At all times the Preschool would pay the complete cost of utilities, maintenance, repairs, etc.
 - d. The space would be configured and furnished in such a way that the Church could fully use the space on weekends and even during the week if needed.
 - e. The Preschool would no longer use the Community Room during the week and would not use the proposed multipurpose room.
4. The Space Assessment Team established that the Church needed thirteen (13) spaces including a new multi-purpose room to fully meet all of the needs of the Church including the RE program on Sunday morning. A survey of the congregation was conducted and a majority of respondents agreed that adding a multi-purpose room and additional meeting rooms was important.

The Board requested that the SET develop two plans, one meeting the Church's identified needs built with the Preschool and a second plan meeting all the Church needs built without the Preschool. The SET did the first but was unable to develop a financially feasible plan that met all the Church needs without the Preschool. It did develop a plan (Max) that met over half of the needs, including a multipurpose room. Subsequently the Board requested a third plan which, again, did not fully meet Church needs but was less expensive (Min) and which did not include a multipurpose room. The plans developed by the SET, their costs and what they provide are summarized below:

Plan	Total Building Cost to Church ¹	Available Rooms (<i>excluding Straley</i>)	Multi-purpose Room
With the Preschool	\$1,045,000 ²	Thirteen (13) <i>(five exclusively for the Church)</i>	Yes
Build Alone (Max)	\$1,612,000	Seven (7)	Yes
Build Alone (Min)	\$808,600.00	Seven (7)	No

¹ Using Laurence's numbers, rounded. All numbers exclude the green room.

² The SET estimate of this was \$900,000. There has not been adequate time to determine the difference between these numbers.

ADVANTAGES

The SET feels that there are substantial advantages to working with the Preschool if it is possible to work out an agreement in which they are fully paying the costs of constructing their

space, including assuming the risk of an increase in the cost of the mortgage, and are protecting the Church from loss with a deposit. Building with the preschool allows the Church to fully meet its identified needs and still have five (5) meeting spaces (including Straley) that are solely the Church's for only an additional \$200,000 above the minimum plan which does not meet the identified needs. Indeed, even with the current offer from the Preschool, Laurence calculated that, over a 40-year period, the net cost to the Church would be more (\$666,000) to build the minimum plan alone, one that does not fully meet the Church's needs, than to build with the Preschool (\$500,900). In addition, in building with the Preschool, the RE Program has the use of all of the Preschool equipment and the playgrounds. The space is occupied by a long-term tenant during weekdays, rather than sitting empty, and we are supporting a program that is vitally needed in the community, quality daycare.

The SET encourages the Board to suggest to the Preschool that a joint meeting of both boards could facilitate the discussions that must take place. If there is any possibility of working together to build space that meets both of our needs, each party needs to understand the concerns and the desires of the other. If there is no possibility of building together, both parties need to work to establish a method and a plan for disengagement that does not adversely affect either program.

Respectfully submitted,
Members of the Space Exploration Team

Gary Giles
Mary Hulett
Brad Kosiba
Hank Rodenburg
Anna Waller
Cecilia Warshaw
Steve Warshaw

**Email and letter to CHCP re Board's decision:
April 13, 2016**

Jess,

Attached is my letter giving you the decision of our Board of Trustees from last night's meeting.

If you should want to meet, in person as you suggested, so I may answer any questions or so we might begin discussion of a "plan B" you may have, I hope we can do so either later today or tomorrow. Perhaps we could meet at the Church late in the afternoon when you are usually there?

Best Wishes,

Bill



The Community Church of Chapel Hill

UNITARIAN UNIVERSALIST

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Wednesday 13 April 2016

Ms. Jess Aylor
Board Chair
Chapel Hill Cooperative Preschool
106 Purefoy Road
Chapel Hill, NC 27514

Dear Jess,

Last night, the Board of Trustees of The Community Church of Chapel Hill Unitarian Universalist (the Church) made two decisions directly affecting our future relationship with the Chapel Hill Cooperative Preschool (Preschool).

1. The Board decided that it would not accept the "best and final" offer of the Preschool, dated January 14, 2016, for a lease of space at the Church if the Church expands its campus to meet the space needs of the Preschool as well as those of the Church.

2. The Board also decided not to extend the Preschool's current lease beyond its September 30, 2017 expiration date, as requested by the Preschool on March 10, 2016. The Church has an immediate need for the space that the Preschool presently occupies. Hence we need to take possession of the existing space as soon as present contractual arrangements allow.

The Preschool's best and final offer did not meet the Church's requests presented during our negotiations. Our evaluation of the Preschool's offer has led us to conclude that it is not in the best interest of the Church to expand its campus with the Preschool for the following reasons:

1. The Preschool's offer poses excessive financial risk for the Church.
2. The Board believes that the lease terms offered by the Preschool are tantamount to an equity ownership of the buildings and grounds, which is not acceptable.
3. The length of the proposed lease (40 years) limits the flexibility of the church long into the future and significantly restricts our options for how we will be able to use our space and resources for generations to come.

The Church and Preschool have had a good working relationship for over six decades. Both of us have grown over time, so that we both need more space now than we did in the past. Over the past two plus years, we have both acted in good faith to find a common solution to our space needs. But perhaps what neither of us anticipated was that the costs of expansion together would be so high.

With best regards,

Bill Poteat
President, Board of Trustees